

Appropriations Committee Budget Proposal



Mid-Biennium Budget Adjustments FY2017-18 and FY2018-19

March 2018

Members of the Appropriations Committee

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Highlights

General Fund Financial Status

When the 2017 Legislature adjourned, a FY2017-18 and FY2018-19 biennial budget was enacted and a balanced budget was achieved. Spending was limited to a two year average increase of .6%. Increases in TEEOSA, Medicaid eligibility and utilization, employee salary and health insurance costs, and homestead exemption reimbursement required significant reductions in other areas of the budget in order to achieve that low percent change.

Since that time increases in child welfare costs, a lower than budgeted federal Medicaid match rate, and a large reduction in revenue forecasts in October 2017 resulted in a budget shortfall relative to the required minimum reserve of roughly \$210 million. The choices available in addressing this shortfall were relatively simple; increase revenues, reduce expenditures or some combination of the two. What is not simple is the combination of those budget actions.

The Committee proposed budget adjustments maximizes the amount of revenue available at the current tax rates (including the February 2018 forecast revisions), and a level of budget reductions that balances the budget while utilizing an amount of Cash Reserve Fund monies that maintains an unobligated balance of almost \$300 million in the Cash Reserve Fund.

General Fund Budget Adjustments

The Appropriations Committee proposed adjustments result in a net reduction of General Fund new appropriations of \$15.0 million over the two year period.

A complete listing all changes can be found in Appendix A and a complete breakdown of the across the board reductions can be found in Appendix C. A narrative description of the major items starts on page 21.

Major General Fund Changes - Appropriations	FY2017-18	FY2018-19	2 Yr Total
DHHS - Child Welfare aid deficit	24,681,826	31,004,088	55,685,914
DHHS - FFY2019 FMAP at 52.58% (All programs)	0	15,049,265	15,049,265
Revenue - Homestead Exemption to actual per current law	3,100,000	3,100,000	6,200,000
Education - TEEOSA state aid (insurance premium tax)	3,654,857	0	3,654,857
DHHS - DD provider reimbursement, weekends & holidays	2,700,000	0	2,700,000
Retirement - defined benefit retirement plans	0	519,171	519,171
Multiple Agencies - across the board reductions	(25,502,929)	(19,593,011)	(45,095,940)
Education - TEEOSA state aid (per current law)	0	(22,223,978)	(22,223,978)
DHHS - Public Assistance excess funds	(10,806,040)	(9,800,024)	(20,606,064)
Revenue - Personal Property Tax Exempt to actual	(1,300,000)	(2,000,000)	(3,300,000)
DHHS - shift funding from General to other funds (BSDC)	(2,500,000)	0	(2,500,000)
Multiple Agencies - health insurance savings	0	(960,053)	(960,053)
DHHS - Sunset, Aging & Disability Resource Centers pilot project	0	(925,094)	(925,094)
DEQ - eliminate funding for Superfund aid	(316,200)	(316,200)	(632,400)
DHHS - vacancy savings, delayed hiring additional security	(560,000)	0	(560,000)
Courts - Reduce General Fund, offset with increase cash	(200,000)	(200,000)	(400,000)
DHHS - delay opening Lincoln Regional Center 12-bed unit	(258,048)	0	(258,048)
DHHS - delay opening Norfolk Sex Offender Unit 12-bed unit	(203,714)	0	(203,714)
DHHS - Vacancy savings, Lincoln Reg Ctr Medical Director	(100,000)	0	(100,000)
All Other (net)	(304,409)	(774,728)	(1,079,137)
Total Change – General Fund New Appropriations	(7,914,657)	(7,120,564)	(15,035,221)

General Fund Revenue Forecasts

Revenue estimates for FY2017-18 and FY2018-19 are the February 2018 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). These forecasts yield a projected adjusted revenue growth of 3.8% in FY17-18 and 4.9% in FY18-19, an average growth of 4.4%. While this two year growth is below the 4.75% historical average, the average growth for the three prior three years was 2.3%

For the following biennium or what's commonly referred to as the "out years", the preliminary estimates for FY2019-20 and FY2020-21 are prepared by the Legislative Fiscal Office (LFO) using the "capped" historical average methodology. This "smoothing" technique derives "out year" revenue estimates by calculating the level of revenues that would yield a five year average growth (FY16 to FY21) roughly equal to the 36 year historical average (4.75%) less .25% which is the projected impact of indexing the tax brackets as enacted in LB987 (2014). Under this method, revenue growth for the two years would average 6.4%.

Impact of Federal Tax Changes

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act (TCJA), significantly changing the tax code for the United States. Nebraska is a state of rolling conformity to the federal tax code, hence any changes in the federal tax code can affect the Nebraska Revenue Act, thereby influencing Nebraska tax receipts.

At their February 2018 meeting, the NEFAB also had to incorporate the impacts of the Tax Cuts and Jobs Act (TCJA) enacted in December 2017. Because Nebraska's income tax law is linked to the federal tax code, changes in this federal law result in an increase in revenues of \$335 million in FY2018-19, \$274 million in FY2019-20 and \$303 million in FY2020-21. These impacts were incorporated at this meeting as these impacts will occur under existing law and the absence of any Nebraska legislative action.

While these additional revenues are included in the forecasts, the Appropriations Committee incorporated the provisions of LB1090 into their proposed budget. This bill changes Nebraska tax code to offset virtually all of the income gained from the federal tax changes removing this "windfall" from the financial status.

Cash Reserve Fund

Entering the 2018 legislative session, the unobligated balance in the Cash Reserve Fund was projected at \$369 million at the end of the five year financial status. This reflected an FY19 balance of \$379.6 million less \$10.4 million scheduled to be transferred for the State Capitol HVAC project in FY21

The Committee proposed budget includes three changes. First is a \$2.3 million reduction in the transfer to the Nebraska Capital Construction Fund (NCCF) for construction of the new Central Nebraska Veterans Home. The lower transfer amount is the result of actual funds needed being less than originally estimated. The second change is to shift an existing transfer to the NCCF for the State Capitol HVAC project from FY21 to FY19 to reflect a revised cash flow for the project. And the third change is a \$100 million transfer to the General Fund simply to balance the budget at the minimum reserve requirement.

These two transfers leave an unobligated balance in the fund of \$296.4 million. A more detailed discussion of the Cash Reserve Fund is provided on page 6.

Available for Legislative Bills

The current financial status with the Committee proposed budget adjustments yields a projected balance that is only \$.6 million above the 2.5% minimum reserve applicable to the current biennium. For the following biennium the projected balance is \$91.8 million above the 3% minimum reserve which is again applicable after this biennium. This is based on estimated revenue and spending levels noted above and discussed elsewhere in this report. These amounts constitute what is available for A bills or revenue reduction bills.

The minimal amount of funds available for A bills or revenue reduction bills reflects the fact that the committee proposed budget already relies on the use of \$100 million from the Cash Reserve and any additional funds available for A bills or revenue reduction bills would only be financed with an additional draw down of the Cash Reserve Fund balance.

General Fund Financial Status

FINANCIAL STATUS	Current Year	Biennial Budget		Est for Following Biennium	
	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
1 Beginning Balance					
2 Beginning Cash Balance	\$531,652,199	\$247,728,174	\$165,158,725	\$227,197,445	\$248,942,353
3 Cash Reserve Fund transfer-automatic	0	0	(25,000,000)	0	0
4 Carryover obligations from FY17	0	(213,728,661)	0	0	0
5 LB 944 Lapse FY17 reappropriations	0	1,322,504	0	0	0
6 Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	531,652,199	35,322,017	135,158,725	222,197,445	243,942,353
8 Estimated Receipts					
9 Net Receipts (Feb 2018 NEFAB Baseline+hist avg)	4,262,606,737	4,530,000,000	4,705,000,000	4,939,000,000	5,259,000,000
10 Net Receipts (Feb 2018 NEFAB Fed Tax Changes TCJA)	0	0	335,000,000	274,000,000	303,000,000
11 General Fund transfers-out (current law)	(217,100,000)	(234,970,000)	(233,770,000)	(232,500,000)	(232,500,000)
12 Cash Reserve Fund transfers (current law)	0	125,000,000	48,000,000	0	0
13 LB 944 & LB 945 General Fund transfers-in	0	(1,398,002)	16,633,933	0	0
14 LB 944 & LB 945 General Fund transfers-out	0	1,500,000	3,470,000	0	0
15 LB 946 Cash Reserve Fund transfers	0	100,000,000	0	0	0
16 LB 1090 Offset Impact of Fed Tax Change (TCJA)	0	0	(326,000,000)	(257,000,000)	(289,000,000)
17 Bills Enacted Into Law	0	0	0	0	0
18 Bills Passed	0	0	0	0	0
19 General Fund Net Receipts	4,045,506,737	4,520,131,998	4,548,333,933	4,723,500,000	5,040,500,000
20 Appropriations					
21 Expenditures/Approp per 2015 Sessions	4,329,430,762	4,398,012,616	4,463,415,777	4,730,291,397	4,925,871,675
22 LB 944 Mainline Midbiennium adjustments	0	(7,914,657)	(7,120,564)	(33,536,305)	(30,241,876)
23 LB 950 State Claims	0	197,331	0	0	0
24 Bills Enacted Into Law	0	0	0	0	0
25 Bills Passed	0	0	0	0	0
26 General Fund Appropriations	4,329,430,762	4,390,295,290	4,456,295,213	4,696,755,092	4,895,629,799
27 Ending Balance					
28 \$ Ending balance (Financial Status as Shown)	247,728,174	165,158,725	227,197,445	248,942,353	388,812,554
29 \$ Ending balance at Minimum Reserve (2.5% FY19 only)	--	--	226,614,490	--	291,005,751
30 Difference = Variance from Minimum Reserve	--	--	582,955	--	97,806,803
31 Biennial Reserve (%)	--	--	2.5%	--	4.0%
32 Annual Spending Growth (w/o deficits)	3.3%	-0.3%	1.3%	5.4%	4.2%
33 Two Year Average Growth	3.7%	--	0.5%	--	4.8%
34 Est. Revenue Growth (rate/base adjusted)	0.3%	3.8%	4.9%	6.3%	6.5%

CASH RESERVE FUND	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Beginning Balance	730,655,108	680,655,108	339,874,336	296,437,622	296,437,622
Transfer amounts above forecasts (line 3)	0	0	25,000,000	0	0
To/from Gen Fund per current law	0	(125,000,000)	(48,000,000)	0	0
To Nebr Capital Construction Fund (NCCF)	0	(118,230,772)	(10,005,129)	0	(10,431,585)
From Excess from Oral Health Training & Services Fund	0	150,000	0	0	0
To Transportation Infrastructure Fund	(50,000,000)	0	0	0	0
LB 946 To General Fund	0	(100,000,000)	0	0	0
LB 946 Reduce transfer to NCCF (Vets Home)	0	2,300,000	0	0	0
LB 946 Revise transfer to NCCF (Capitol HVAC project)	0	0	(10,431,585)	0	10,431,585
Projected Ending Balance	680,655,108	339,874,336	296,437,622	296,437,622	296,437,622

Chronology of the Financial Status

Millions of Dollars	Current Biennium			Following Biennium		
	FY17-18	FY18-19	3 Yr Total	FY19-20	FY20-21	5 Yr Total
Sine Die 2017 Session			45.4			203.1
FY17 Actual vs Est General Fund Net Receipts	0.0	0.0	(34.2)	0.0	0.0	(34.2)
Change in actual / revised forecasts	(100.4)	(123.5)	(223.9)	(105.0)	(74.0)	(402.9)
FY17 Actual vs Est Transfers-in	0.0	0.0	0.1	0.0	0.0	0.1
FY17 Actual vs Est Accounting adjustment	0.0	0.0	(3.2)	0.0	0.0	(3.1)
Assumed lapse, FY17 unexpended appropriations	39.7	0.0	39.7	0.0	0.0	39.8
Exclude allocation for deficits	5.0	0.0	5.0	0.0	0.0	5.0
2018 Midbiennium Budget Requests (original)	(21.0)	(1.4)	(22.3)	(1.4)	(1.4)	(25.1)
TEEOSA School Aid revisions (Nov 2017 joint meeting)	0.0	19.9	19.9	29.1	26.8	75.8
Change in Minimum Reserve	0.0	0.2	0.2	0.0	11.3	11.5
November 2017 Tax Rate Review Committee			(173.3)			(130.2)
Federal Medicaid Match Rate (FMAP)	0.0	(15.0)	(15.0)	(15.0)	(15.0)	(44.9)
Child Welfare & Public Assistance vs Nov TRR	2.5	(20.0)	(17.6)	(20.0)	(20.0)	(57.7)
Across the Board (ATB) Cuts	25.7	51.4	77.1	51.4	51.4	179.8
TEEOSA lower than Nov TRR	0.0	2.5	2.5	15.5	16.6	34.6
DHHS-DD, duplicative payment (request withdrawn)	2.5	0.0	2.5	0.0	0.0	2.5
All Other new appropriation items vs Nov TRR	1.2	1.5	2.7	0.8	0.8	4.3
State Claims	(0.2)	0.0	(0.2)	0.0	0.0	(0.2)
General Fund transfers-in	(0.0)	14.4	14.4	0.0	0.0	14.4
General Fund transfers-out	1.5	3.5	5.0	0.0	0.0	5.0
Cash Reserve Fund transfer	105.0	0.0	105.0	0.0	0.0	105.0
Lapse Reappropriations	1.1	0.0	1.1	0.0	0.0	1.1
Change in Minimum Reserve	0.0	(3.0)	(3.0)	0.0	(2.0)	(5.1)
Committee Preliminary Budget - 2018			1.0			108.5
Reduce ATB cuts	(0.2)	(31.8)	(32.0)	(31.8)	(31.8)	(95.5)
DD provider reimbursement, weekends & holidays	(2.7)	0.0	(2.7)	0.0	0.0	(2.7)
State Capitol HVAC project, revised cash flow	0.0	0.0	0.0	4.0	2.0	6.0
All Other Appropriations vs Committee Prelim	(0.1)	0.0	(0.1)	0.9	0.9	1.8
General Fund transfers-in	0.1	0.8	0.9	0.0	0.0	0.9
Lapse Reappropriations	0.3	0.0	0.3	0.0	0.0	0.3
Revenue Forecasts - baseline (Feb 2018)	25.0	30.0	55.0	15.0	0.0	70.0
Revenue Forecasts - fed tax change (Feb 2018)	0.0	335.0	335.0	274.0	303.0	912.0
LB 1090 Offset Impact of Fed Tax Change (TCJA)	0.0	(326.0)	(326.0)	(257.0)	(289.0)	(872.0)
"Above certified" forecast to CRF	0.0	(25.0)	(25.0)	0.0	0.0	(25.0)
Cash Reserve Fund transfer	(5.0)	0.0	(5.0)	0.0	0.0	(5.0)
Change in Minimum Reserve	0.0	(0.9)	(0.9)	0.0	(0.5)	(1.4)
Committee Budget to the Floor - 2018			0.6			97.8

Cash Reserve Fund

The Cash Reserve Fund (CRF) is not included as part of the "General Fund Reserve" (which is the ending General Fund balance for a biennium) and was created as a separate and distinct fund to cover cash flow needs within a month or several month period. The Cash Reserve Fund also serves as a "rainy day fund" in that revenues in excess of a "certified forecast" are transferred from the General Fund to Cash Reserve fund at the end of a fiscal year. As the certified forecast is basically the revenue estimate at Sine Die when the budget is finalized, these transfers sequester revenues in excess of that which is needed to balance the budget.

At the end of the 2017 session, the Cash Reserve Fund unobligated balance was projected at \$379.6 million at the end of the current FY18/FY19 biennium but \$369.1 million when all future statutory transfers are accounted for.

Under the Committee proposal, the unobligated balance is projected at \$296.4, a \$72.7 million reduction from Sine Die 2017. This reflects a \$25 million increase based on the February 2018 above certified FY18 forecast revision, a \$2.3 million reduction in an existing transfer to the NCCF, and a \$100 million transfer to the General Fund to assist in balancing the budget.

Table 1 Cash Reserve Fund

	Actual FY2016-17	Estimated FY2017-18	Estimated FY2018-19	Estimated FY2019-20	Estimated FY2020-21
Beginning Balance	730,655,108	680,655,108	334,874,336	296,437,622	296,437,622
Excess of certified forecasts (line 3 in Status)	0	0	25,000,000	0	0
To/from Gen Fund per current law	0	(125,000,000)	(48,000,000)	0	0
To Nebr Capital Construction Fund (NCCF)	0	(118,230,772)	(10,005,129)	0	(10,431,585)
To/from Oral Health Training and Services Fund	0	150,000	0	0	0
To Transportation Infrastructure Fund	(50,000,000)	0	0	0	0
2018 - Transfers to/from General Fund	0	(100,000,000)	0	0	0
2018 - Reduce transfer. Vets Home	0	2,300,000	0	0	0
2018 - Revise transfer, State Capitol HVAC	0	0	(10,431,585)	0	10,431,585
Ending Balance	680,655,108	339,874,336	296,437,622	296,437,622	296,437,622

Appropriations Committee Proposal

The Appropriations Committee proposed budget includes three changes: a reduction in transfer to the NCCF for the Central Nebraska Veterans Home, a shift of an existing transfer for the State Capitol HVAC project from FY21 to FY19 to reflect a revised cash flow for the project, and a \$100 million transfer to the General Fund to balance the budget.

Excess of Certified Forecasts

Shown on line 3 of the Financial Status, revenues in excess of "certified" forecasts are required by statute to be transferred from the General Fund to the Cash Reserve Fund. These would take place in July of the fiscal year following completion of that year. FY2015-16 and FY2016-17 actual receipts were well below the certified forecasts thus no transfers in FY2016-17 or

FY2017-18. The \$25 million transfer in FY2018-19 is based on the current NEFAB forecast for FY2017-18 of \$4,530,000,000 which is above the certified forecast of \$4,505,000,000

Transfers-To & From General Fund

Unlike the automatic transfers that occur after the close of the fiscal year and are statutorily required, other transfers can take place as specifically enacted by the Legislature. In the 2017 Session, the Legislature transferred a total of \$173 million to the General Fund to assist in balancing the budget and to help replenish the reserve to the statutory minimum level.

Transfers To & From Other Funds

In the 2013 session, LB 200 provided for a \$43,015,459 transfer from the Cash Reserve Fund to the Nebraska Capital Construction Fund (NCCF) sometime between July 1, 2013 and June 30, 2017 at the discretion of the Budget Administrator for construction of a new Central Nebraska Veterans Home to replace the existing facilities. Originally this transfer was shown in FY13-14, however it has been shifted to FY17-18 since the actual transfer has not yet been made. Note that time period for the transfer was extended to June 30, 2018.

In the 2015 session, the enacted budget called for a \$28.2 million of transfers to the NCCF for the State Capitol HVAC project. This included \$7,804,292 in FY2015-16, and future transfers of \$7,160,412 in FY2018-19, \$9,492,568 in FY2020-21, and \$3,783,734 in FY2022-23. During the 2017 session the total transfer amount didn't change but the cash flow of the transfers was changed to \$10,005,129 in FY2018-19 and \$10,431,585 in FY2020-21.

In the 2016 session, LB 960 provided for a \$50 million transfer to a newly created Transportation Infrastructure Bank Fund in FY2016-17.

In the 2017 session, \$75,215,313 million was transferred to the Nebraska Capital Construction Fund to pay for the Department of Correctional Services Reception and Treatment Center (RTC) project. This \$75 million project will combine the Diagnostic and Evaluation Center (DEC) and the Lincoln Correctional Center (LCC) into one facility currently known as the Reception and Treatment Center (RTC). Phase One will expand and/or renovate core support function portions of DEC and LCC, add 64 additional medical and behavior health housing beds including a 32-bed unit to meet acute and serious medical needs, and add a 32-bed Secure Behavioral Health Unit to meet the needs of inmates with acute mental health and behavioral health needs.

<u>Transfers to NCCF, Related Project</u>	<u>FY2016-17</u>	<u>FY2017-18</u>	<u>FY2018-19</u>	<u>FY2019-20</u>	<u>FY2020-21</u>
Central Nebraska Veterans Home	0	43,015,459	0	0	0
State Capitol HVAC systems	0	0	10,005,129	0	10,431,585
Corrections Reception & Treatment Center	0	75,215.313	0	0	0
Transfers to NCCF	0	118,230,772	10,005,129	0	10,431,585

Table 2 Cash Reserve Fund – Historical Balances

Fiscal Yr	Beginning Balance	Direct Deposit and Interest	Automatic Transfers	Legislative Transfers	Cash Flow	Ending Balance	Balance as % of revenue
FY1983-84	0	37,046,760	na	0	0	37,046,760	4.7%
FY1984-85	37,046,760	(1,472,551)	na	0	0	35,574,209	4.5%
FY1985-86	35,574,209	227,855	na	(13,500,000)	0	22,302,064	2.7%
FY1986-87	22,302,064	1,428,021	na	0	0	23,730,085	2.7%
FY1987-88	23,730,085	1,654,844	na	(7,700,000)	0	17,684,929	1.7%
FY1988-89	17,684,929	139,000	na	32,600,000	0	50,423,929	4.4%
FY1989-90	50,423,929	113,114	na	(10,500,000)	0	40,037,043	3.5%
FY1990-91	40,037,043	0	na	(8,100,000)	0	31,937,043	2.3%
FY1991-92	31,937,043	0	na	(5,000,000)	0	26,937,043	1.8%
FY1992-93	26,937,043	0	na	(9,500,000)	0	17,437,043	1.1%
FY1993-94	17,437,043	0	3,063,462	7,250,000	0	27,750,505	1.7%
FY1994-95	27,750,505	0	(8,518,701)	1,250,000	0	20,481,804	1.2%
FY1995-96	20,481,804	0	(20,481,804)	18,189,565	0	18,189,565	1.0%
FY1996-97	18,189,565	0	19,740,786	3,032,333	0	40,962,684	2.0%
FY1997-98	40,962,684	0	91,621,018	0	0	132,583,702	6.3%
FY1998-99	132,583,702	0	111,616,422	(98,500,000)	0	145,700,124	6.9%
FY1999-00	145,700,124	0	20,959,305	(24,500,000)	0	142,159,429	5.9%
FY2000-01	142,159,429	0	77,576,670	(49,500,000)	0	170,236,099	6.9%
FY2001-02	170,236,099	0	0	(60,170,000)	0	110,066,099	4.7%
FY2002-03	110,066,099	66,476,446	0	(87,400,000)	(30,000,000)	59,142,545	2.4%
FY2003-04	59,142,545	59,463,461	0	(61,577,669)	30,000,000	87,028,337	3.2%
FY2004-05	87,028,337	8,170,556	108,727,007	(26,758,180)	0	177,167,720	5.8%
FY2005-06	177,167,720	0	261,715,297	(165,266,227)	0	273,616,790	8.2%
FY2006-07	273,616,790	0	259,929,524	(17,458,523)	0	516,087,791	15.1%
FY2007-08	516,087,791	0	191,436,773	(161,978,767)	0	545,545,797	15.6%
FY2008-09	545,545,797	0	116,976,571	(84,330,505)	0	578,191,863	17.2%
FY2009-10	578,191,863	0	0	(110,990,237)	0	467,201,626	14.6%
FY2010-11	467,201,626	0	0	(154,000,000)	0	313,201,626	8.9%
FY2011-12	313,201,626	8,422,528	145,155,092	(33,439,198)	(4,461,676)	428,878,372	11.6%
FY2012-13	428,878,372	0	104,789,781	(154,008,427)	4,461,676	384,121,402	9.5%
FY2013-14	384,121,402	0	285,292,610	49,651,294	0	719,065,306	17.5%
FY2014-15	719,065,306	0	96,721,232	(87,951,112)	0	727,835,426	16.9%
FY2015-16	727,835,426	0	84,599,532	(81,779,850)	0	730,655,108	17.0%
FY2016-17t	730,655,108	0	0	(50,000,000)	0	680,655,108	14.8%
FY2017-18 Est	680,655,108	150,000	0	(340, 930,772)	0	339,874,336	7.7%
FY2018-19 Est	339,874,336	0	25,000,000	(68,436,714)	0	296,437,622	6.6%
FY2019-20 Est	296,437,622	0	0	0	0	296,437,622	6.3%
FY2020-21 Est	296,437,622	0	0	(10,431,585)	0	296,437,622	6.0%

Analysis of the Level of Cash Reserve Fund Balance

Table 3 Variance from Revenue Projections

FY	Projected at Sine Die **	Actual Receipts	\$ Variance	% Variance	
				Negative	Positive
FY 1986-87	878.0	886.4	8.4		1.0%
FY 1987-88	924.3	1,016.3	92.0		10.0%
FY 1988-89	988.4	1,133.5	145.1		14.7%
FY 1989-90	1,110.9	1,152.7	41.8		3.8%
FY 1990-91	1,334.6	1,367.1	32.5		2.4%
FY 1991-92	1,493.2	1,490.4	(2.8)	-0.2%	
FY 1992-93	1,537.3	1,524.7	(12.6)	-0.8%	
FY 1993-94	1,662.5	1,653.7	(8.8)	-0.5%	
FY 1994-95	1,729.9	1,706.0	(23.9)	-1.4%	
FY 1995-96	1,834.3	1,836.7	2.4		0.1%
FY 1996-97	1,918.0	2,009.6	91.6		4.8%
FY 1997-98	1,993.8	2,105.4	111.6		5.6%
FY 1998-99	2,102.9	2,123.9	21.0		1.0%
FY 1999-00	2,326.3	2,403.9	77.6		3.3%
FY 2000-01	2,484.3	2,456.8	(27.5)	-1.1%	
FY 2001-02	2,646.0	2,365.5	(280.5)	-10.6%	
FY 2002-03	2,725.7	2,456.4	(269.3)	-9.9%	
FY 2003-04	2,732.0	2,718.7	(13.3)	-0.5%	
FY 2004-05	2,775.5	3,037.2	261.7		9.4%
FY 2005-06	3,092.3	3,352.2	259.9		8.4%
FY 2006-07	3,217.0	3,408.3	191.4		5.9%
FY 2007-08	3,389.2	3,506.1	116.9		3.5%
FY 2008-09	3,531.7	3,357.5	(174.3)	-4.9%	
FY 2009-10	3,446.7	3,204.7	(242.0)	-7.0%	
FY 2010-11	3,422.2	3,499.7	77.4		2.3%
FY 2011-12	3,591.1	3,695.9	104.8		2.9%
FY 2012-13	3,767.1	4,052.4	285.3		7.6%
FY 2013-14	4,020.7	4,117.4	96.7		2.4%
FY 2014-15	4,220.5	4,305.1	84.6		2.0%
FY 2015-16	4,481.9	4,308.0	(173.9)	-3.9%	
FY 2016-17	4,578.4	4,265.8	(312.6)	-6.9%	
FY 2017-18 EST	4,605.4	4,530.0	(75.4)	-1.6%	
FY 2018-19 EST	4,798.5	4,705.0	(93.5)	-1.9%	

The initial purpose of the Cash Reserve Fund (CRF) was to set aside money as a “safety net” for the General Fund, sustaining the ability of the General Fund to pay bills when balances would otherwise be insufficient for day to day cash flow. In addition to cash flow another major purpose of the CRF was added later; protection against forecast errors and periods of low year over year revenue growth. Monies are accumulated in the CRF when receipts exceed certified forecast levels and are then available to offset instances when receipts are below forecasts.

The level of “protection” or in other words the level of funds to retain in the Cash Reserve fund, can be derived by looking at historical

variances derived by comparing forecasts at Sine Die of the legislative session when the budget was enacted and actual receipts which are known anywhere from 13 to 15 months later. Over the 30 year period the average negative variance is -4.3% clustered in groups of 3 to 4 years. For simplicity, using a 4% negative variance clustered for four consecutive years would require a balance equal to about 16% of annual net receipts. Applied to the average forecast from FY16 to FY19 the target balance would be \$746 million.

Another factor to keep in mind is the need for supplemental funds during a budget down period. One recent illustration is the last budget shortfall which occurred during the 2008 through -2011 legislative sessions. During that time a total of \$986 million of one-time funds were utilized to balance the budget in addition to the various budget cuts that were made. The largest amount of these one-time funds, \$653.8 million, came from the federal government through several ARRA programs (FMAP, General and Education stabilization) followed by Cash Reserve Fund transfers (\$259 million) and extraordinary cash fund lapses (\$73.2 million). While this was a time of unprecedented revenue declines, it illustrates the cumulative impact of multiple year shortfalls.

*Note that this discussion of the appropriate level of the Cash Reserve Fund is applicable to where the CRF should be **at its peak** after that part of the cycle with positive revenue growth and positive variances from the forecast. As we turn into the negative part of this cycle, the question is how much of the CRF can or should be utilized to address the projected budget shortfall.*

A key to answering this question is whether the use the Cash Reserve Fund is only a bridge until a structural balance is achieved or a short term solution which covers up an on-going structural imbalance. In terms of the enacted budget there is a structural balance between on-going revenues and on-going appropriations at the end of the biennial budget. This shows that the use of the cash reserve fund relates to restoration of the minimum reserve and not financing an unsustainable level of spending.

General Fund Revenues

Revenue Forecasts

Revenue estimates for FY2017-18 and FY2018-19 are the February 2018 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). These forecasts yield a projected adjusted revenue growth of 3.8% in FY17-18 and 4.9% in FY18-19, an average growth of 4.4%. While this two year growth is below the 4.75% historical average, the average growth for the three prior three years was 2.3%

At their February 2018 meeting, the NEFAB also had to incorporate the impacts of the Tax Cuts and Jobs Act (TCJA) enacted in December 2017. Because Nebraska's income tax law is linked to the federal tax code, changes in this federal law result in an increase in revenues of \$335 million in FY2018-19, \$274 million in FY2019-20 and \$303 million in FY2020-21. These impacts were incorporated at this meeting as these impacts will occur under existing law in the absence of any Nebraska legislative action.

While these impacts are included in the revenue forecasts, the Appropriations Committee incorporated the provisions of LB1090 into their proposed budget as presented. This bill changes Nebraska tax code to offset virtually all of the income gained from the federal tax changes removing this "windfall" from the financial status.

Table 4 - General Fund Revenue Forecasts

	Actual FY2016-17	NEFAB FY2017-18	NEFAB FY2018-19	LFO Prelim FY2019-20	LFO Prelim FY2020-21
Actual/Forecast					
Sales and Use Tax	1,548,388,849	1,620,000,000	1,685,000,000	1,778,000,000	1,873,000,000
Individual Income Tax	2,224,840,053	2,330,000,000	2,470,000,000	2,655,000,000	2,865,000,000
Corporate Income Tax	264,439,713	295,000,000	300,000,000	320,000,000	340,000,000
Miscellaneous receipts	228,103,332	285,000,000	250,000,000	186,000,000	181,000,000
Total – Baseline Receipts	4,265,771,947	4,530,000,000	4,705,000,000	4,939,000,000	5,259,000,000
Fed Tax Change – Individual	0	0	327,000,000	256,000,000	289,000,000
Fed Tax Change – Corporate	0	0	8,000,000	18,000,000	14,000,000
Total – With Fed Tax Change	4,265,771,947	4,505,000,000	5,040,000,000	5,213,000,000	5,562,000,000
Adjusted Growth					
Sales and Use Tax	1.7%	2.9%	3.7%	5.0%	4.9%
Individual Income Tax	1.1%	4.6%	6.4%	7.5%	7.9%
Corporate Income Tax	-11.9%	11.0%	1.7%	6.0%	5.8%
Miscellaneous receipts	0.2%	-6.7%	2.9%	3.9%	4.4%
Total GF Receipts	0.3%	3.8%	4.9%	6.3%	6.5%
Two Yr Average	0.3%	--	4.4%	--	6.4%
Five Yr Average	3.7%	--	3.1%	--	4.5%

For the following biennium or what's commonly referred to as the "out years", the preliminary estimates for FY2019-20 and FY2020-21 are prepared by the Legislative Fiscal Office (LFO) using the "capped" historical average methodology. This "smoothing" technique derives "out year" revenue estimates by calculating the level of revenues that would yield a five year average growth (FY16 to FY21) roughly equal to the 36 year historical average (4.75%) less .25% which is the projected impact of indexing the tax brackets as enacted in LB987 (2014). Under this method, revenue growth for the two years would average 6.4%.

Alternative methods are also available for purposes of deriving revenue estimates for the following biennium. In addition to the historical average methodology used in the financial status, in February 2017 both the Nebraska Dept. of Revenue (NDR) and Legislative Fiscal Office (LFO) have calculated revenue estimates for these two "out years" using the same models and input from Global Insight and Moody's, the national forecasting services used as input into the tax forecast models. While these forecasts work well for the 1 to 3 year forecasts, when extended further they have a tendency to flatten out and follow the 3 year trend into the 4th and 5th year. In other words, they have difficulty picking up changes in the trend. The historical average methodology has been used since 1991 and the "smoothing" technique used for the most part relies on the trend changes. As shown in Table 7, the preliminary estimates for the two "out years" arrived at using the historical average concept (as used in the Financial Status) tends to the low end however there are very large difference in the various numbers.

Table 5 - Comparison of "Out Year" Forecasts

Based on Feb 2018 Revenue Forecasts *	Current Status	Average IHS Econ	Avg All Forecasts	High Est LFO-IHS	Low Est NDR Moody
<u>Dollar Forecast (thousands)</u>					
FY2019-20 Prelim	4,924,000	4,797,694	4,798,543	4,827,541	4,770,286
FY2020-21 Prelim	5,259,000	5,011,394	5,000,128	5,055,725	4,954,996
<u>Calculated Growth (adjusted)</u>					
FY2019-20 Prelim	6.7%	4.0%	4.0%	4.6%	3.4%
FY2020-21 Prelim	6.8%	4.6%	4.3%	4.8%	4.0%
Two Year Avg (Prelim)	6.7%	4.3%	4.2%	4.7%	3.7%
Five Year Avg	4.5%	3.4%	3.4%	3.6%	3.2%
<u>\$ Difference from Status</u>					
FY2019-20 Prelim	0	(126,306)	(125,458)	(96,459)	(153,714)
FY2020-21 Prelim	0	(247,607)	(258,872)	(203,275)	(304,004)
Cumulative Total	0	(373,913)	(384,330)	(299,734)	(457,718)
* Forecast amounts shown exclude the impact of federal tax changes					

Federal Tax Change - Tax Cuts and Jobs Act (TCJA)

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act (TCJA), significantly changing the tax code for the United States. Nebraska is a state of rolling conformity to the federal tax code, hence any changes in the federal tax code can affect the Nebraska Revenue Act, thereby influencing Nebraska tax receipts. Pursuant to § 77-27,222,

the Department of Revenue issued a report which summarizes the major provisions of the TCJA and the impact on Nebraska tax receipts.

On the individual income tax side, the TCJA:

- Changes rates and brackets;
- Increases the standard deduction;
- Eliminates personal exemptions;
- Limits itemized deductions;
- Changes the inflation adjustment method;
- Increases the child tax credit;
- Creates a new dependent credit for dependents older than 17;
- Creates a new pass-through deduction;
- Allows immediate expensing of capital expenditures; and
- Increases the estate tax exemption amount.

The TCJA also reformed the tax code for corporations. The TCJA greatly reduces the corporate tax rate from 35 percent to 21 percent. It also switched to a territorial tax system rather than the worldwide taxation system for multinational corporations. At the same time, the TCJA greatly expanded the tax base for corporations. Major items related to the changes in the taxation of corporations under the TCJA include : Reducing the rate, repatriation of deferred foreign income, 100% deduction of dividends received by domestic parents of foreign subsidiaries, cost recovery (IRC Section 179 expensing and immediate expensing), limitation on business interest expense deduction, limitation on net operating loss (NOL) deduction, repeal of deduction for income attributable to domestic production activities, and cash accounting for small businesses.

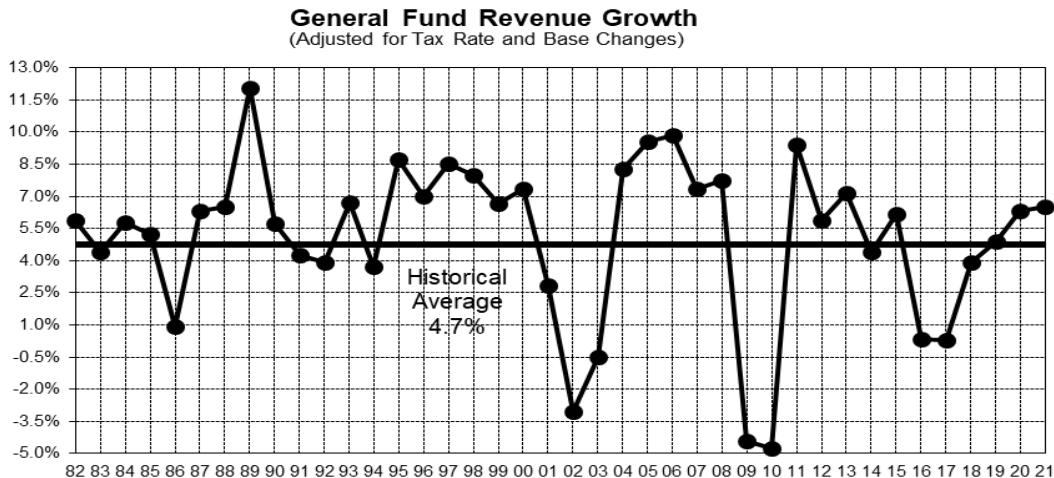
The following table shows the impact on state revenues of the various federal tax provisions on a tax year basis, January 1 to December 31. Since the state fiscal year runs from July 1 to June 30, the impact on a fiscal year basis is different especially in the first fiscal year where the impact includes a full tax year plus six months withholding difference.

Table 6 – Impact of Tax Cuts and Jobs Act (TCJA) – Tax Year Basis

Dept of Revenue Report (February 2018)	TY2018	TY2019	TY2020	TY2021
<u>Individual Income Tax</u>				
Federal brackets and rates	0	0	0	0
Standard deduction (higher fed standard)	11,000,000	12,000,000	12,000,000	12,000,000
Personal exemption	209,000,000	220,000,000	232,000,000	244,000,000
Itemized deductions (including expensing)	(1,000,000)	(6,000,000)	3,000,000	4,000,000
Inflation adjustment (shift to Chained CPI)	8,000,000	14,000,000	31,000,000	45,000,000
Total - Individual Income Tax	227,000,000	240,000,000	278,000,000	305,000,000
<u>Corporate Income Tax</u>				
Reduced tax rate 35% to 21%	?	?	?	?
International items (repatriation and dividends)	60,000,000	18,000,000	(5,000,000)	(2,000,000)
Cost recovery - Sec 179m immediate expensing	(46,000,000)	(48,000,000)	(30,000,000)	(14,000,000)
Limit on business interest expenses deduction	13,000,000	21,000,000	23,000,000	23,000,000
Limit on net operating loss (NOL) deduction	9,000,000	12,000,000	15,000,000	15,000,000
Repeal of deduction, certain domestic production	6,000,000	11,000,000	11,000,000	11,000,000
Cash accounting for small business	(6,000,000)	(8,000,000)	(4,000,000)	(4,000,000)
Adjust to equal Feb Report	(3,000,000)	1,000,000	0	2,000,000
Total - Corp Income Tax	33,000,000	7,000,000	10,000,000	31,000,000

Table 7 Actual and Projected General Fund Revenues

Fiscal Year	Sales and Use Tax	Individual Income Tax	Corporate Income Tax	Miscellaneous Taxes and	Total Net Receipts	Adjusted Growth
FY 1996-97	755,907,807	944,117,130	137,337,967	172,241,113	2,009,604,017	8.5%
FY 1997-98	803,805,374	981,643,795	142,150,133	177,852,119	2,105,451,422	8.0%
FY 1998-99	744,650,752	1,078,522,994	135,033,658	165,661,901	2,123,869,305	6.7%
FY 1999-00	900,427,469	1,180,363,301	140,021,942	183,111,959	2,403,924,670	7.4%
FY 2000-01	905,023,176	1,233,363,553	138,040,082	180,435,044	2,456,861,855	2.9%
FY 2001-02	918,889,782	1,159,810,647	107,628,074	179,180,246	2,365,508,749	-3.0%
FY 2002-03	1,028,931,065	1,129,421,651	111,597,405	186,449,714	2,456,399,835	-0.5%
FY 2003-04	1,114,374,321	1,249,890,025	167,429,431	187,033,230	2,718,727,007	8.3%
FY 2004-05	1,231,011,089	1,400,076,680	198,380,442	207,726,086	3,037,194,297	9.5%
FY 2005-06	1,263,678,691	1,545,338,061	262,295,456	280,875,316	3,352,187,524	9.9%
FY 2006-07	1,303,826,416	1,650,895,394	213,027,010	240,582,953	3,408,331,773	7.3%
FY 2007-08	1,321,867,139	1,726,145,405	232,851,654	225,298,373	3,506,162,571	7.7%
FY 2008-09	1,326,161,017	1,600,418,236	198,483,786	232,405,148	3,357,468,187	-4.4%
FY 2009-10	1,289,796,877	1,514,830,114	154,332,137	245,720,545	3,204,679,673	-4.8%
FY 2010-11	1,372,784,033	1,735,208,600	154,944,966	236,717,493	3,499,655,092	9.4%
FY 2011-12	1,436,909,373	1,822,884,254	234,266,237	201,828,916	3,695,888,780	5.9%
FY 2012-13	1,474,942,641	2,101,912,041	275,562,990	199,940,938	4,052,358,610	7.2%
FY 2013-14	1,524,793,763	2,060,758,896	306,591,027	225,264,546	4,117,408,232	4.4%
FY 2014-15	1,535,419,516	2,205,463,903	346,477,378	217,738,529	4,305,099,326	6.2%
FY 2015-16	1,528,023,310	2,221,088,817	307,669,694	251,199,454	4,307,981,275	0.3%
FY 2016-17	1,548,388,848	2,224,840,053	264,439,713	228,103,331	4,265,771,945	0.3%
FY 2017-18 NEFAB *	1,620,000,000	2,330,000,000	295,000,000	285,000,000	4,530,000,000	3.8%
FY 2018-19 NEFAB *	1,685,000,000	2,470,000,000	300,000,000	250,000,000	4,705,000,000	4.9%
FY 2019-20 LFO Prelim *	1,778,000,000	2,655,000,000	320,000,000	186,000,000	4,939,000,000	6.3%
FY 2020-21 LFO Prelim (1,873,000,000	2,865,000,000	340,000,000	181,000,000	5,259,000,000	6.5%
<u>Avg Growth (adjusted)</u>						
5 Yr Financial Status	4.1%	5.3%	2.2%	0.8%	4.5%	
Above Avg Years (23)	5.6%	9.1%	11.8%	3.5%	7.3%	
Below Avg Years (13)	1.5%	1.9%	-6.3%	0.5%	1.0%	
Hist Average (36 yrs)	4.1%	6.3%	4.5%	0.9%	4.7%	
* Forecast amounts shown for FY2018-19 through FY2020-21 exclude the impact of federal tax changes						



General Fund Transfers-Out

General Fund Transfers-Out accounts for funds that are transferred from the General Fund to another fund within the state treasury. These items have the same effect as an appropriation but are not expended from the General Fund as such and therefore are shown under the revenue category as transfers-out from the General Fund and subsequently expended from the receiving fund.

The Appropriations Committee proposed 2018 budget includes one change. The transfer to the Water Sustainability Fund is reduced by \$1,500,000 in FY2017-18 and \$3,470,000 in FY2018-19.

Table 8 General Fund Transfers-Out

Excludes CRF Transfers	Actual	Current Biennial Budget		Following Biennium	
	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Property Tax Credit Fund	(202,000,000)	(221,000,000)	(221,000,000)	(221,000,000)	(221,000,000)
Water Resources Cash Fund	(3,300,000)	(3,300,000)	(3,300,000)	0	0
Cultural Preservation Endowment Fund	(750,000)	0	0	(500,000)	(500,000)
Water Sustainability Fund	(11,000,000)	(10,670,000)	(10,670,000)	(11,000,000)	(11,000,000)
Victim's Compensation Fund	(50,000)	0	0	0	0
<i>General Fund Transfers-Out (current law)</i>	(217,100,000)	(234,970,000)	(233,770,000)	(232,500,000)	(232,500,000)
2018 Session Transfers-Out (reduce water sustainability transfer)	0	1,500,000	3,470,000	0	0
<i>Total-General Fund Transfers-Out</i>	(217,100,000)	(233,470,000)	(230,300,000)	(232,500,000)	(232,500,000)

General Fund Transfers-In

Cash funds are funds which contain earmarked revenue sources and monies in those funds can only be used for the purposes authorized by statute. In many instances (since the 2009 special session) an authorized use of monies in a cash fund is transfers to the General Fund at the discretion of the Legislature. For accounting purposes, these are shown as "Transfers in" and are included as General Fund revenues. Such transfers for the biennial budget are shown in Table 9 along with amounts that were transferred in FY16-17 which were enacted in the 2015 and 2016 legislative sessions and are already included in FY16-17 actual receipts.

Historically there have been transfers from three main sources; Securities Act Cash Fund, Tobacco Products Admin Cash Fund, and the Dept. of Insurance Cash Fund. In the 2017 session transfers from these traditional sources amounted to \$49.2 million in FY17-18 and \$51.2 million in FY18-19. Because of the significant projected shortfall, cash funds from non-traditional sources were also transferred to the General Fund. Overall, the non-traditional transfers from 47 different funds amounted to \$61.2 million in FY17-18 and \$32.2 million in FY18-19. This included \$15 million from the Roads Operations Fund, \$20 million from the Medicaid Intergovernmental Transfer Trust Fund (related to the Health Care Cash Fund), and \$9 million from the Game & Parks Capital Maintenance Fund.

The Appropriations Committee 2018 proposed budget includes several additional transfers from 19 different funds amounting to net increase of \$14.7 million over the biennium.

Table 9 General Fund Transfers-In

	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Securities Act Cash Fund	30,000,000	30,000,000	32,000,000	0	0
Tobacco Products Admin Cash Fund	10,000,000	11,000,000	10,000,000	0	0
Dept of Insurance Cash Fund	8,250,000	8,250,000	9,250,000	0	0
Severance Tax Admin Cash Fund (2)	100,000	0	0	0	0
Job Training Cash Fund	250,000	0	0	0	0
Records Management Cash Fund	0	530,000	356,000	0	0
Uniform Commercial Code Cash Fund	0	1,000,000	0	0	0
Medicaid Fraud Control Unit Cash Fund	0	500,000	0	0	0
State Settlement Cash Fund	0	750,000	750,000	0	0
Enhanced Wireless 911 Fund	0	Interest to GF	Interest to GF	0	0
Universal Services Fund	0	Interest to GF	Interest to GF	0	0
Escheat Trust Fund	0	1,400,000	0	0	0
Treasury Management Cash Fund	0	150,000	0	0	0
Life Insurance Demutualization Trust Fund	0	400,000	0	0	0
Charitable Gaming Operations Fund	0	2,800,000	800,000	0	0
State Athletic Commissioner's Cash Fund	0	200,000	0	0	0
Energy Conservation Improvement Fund	0	12,730	0	0	0
Marijuana & Controlled Substances Admin. Fund	0	25,000	0	0	0
Revenue Enforcement Fund	0	200,000	0	0	0
Property Assessment Cash Fund	0	50,000	0	0	0
Motor Fuel Tax Enforcement & Collection Fund	0	1,200,000	0	0	0
Mechanical Safety Inspection Fund	0	150,000	0	0	0
Boiler Inspection Cash Fund	0	150,000	0	0	0
Contractor & Professional Employer Org. Reg.	0	1,700,000	0	0	0
Dept. of Motor Vehicles Cash Fund	0	1,000,000	0	0	0
Dept. of Motor Vehicles Ignition Interlock Fund	200,000	400,000	150,000	0	0
DHHS Cash Fund (Wholesale Drug Distributors)	0	3,700,000	0	0	0
DHHS Cash Fund (Cancer Research Fund)	0	7,000,000	0	0	0
DHHS Cash (False Medicaid Claims Act)	0	1,200,000	0	0	0
Medicaid Intergovernmental Transfer Trust Fund	0	10,000,000	10,000,000	0	0
Roads Operations Cash Fund	0	7,500,000	7,500,000	0	0
Veteran Cemetery Construction Fund	0	97,000	0	0	0
Nebraska Snowmobile Trail Cash Fund	0	79,121	0	0	0
Game & Parks Capital Maintenance Fund	0	4,500,000	4,500,000	0	0
Racing Commission's Cash Fund	0	150,000	0	0	0
Workers Comp Court Cash Fund	0	1,500,000	0	0	0
Brand Committee Cash Fund	0	0	0	0	0
Nebr Motor Vehicle Industry Licensing Fund	0	500,000	0	0	0
State Real Estate Commission's Fund	0	200,000	200,000	0	0
Engineers & Architects Registration Cash Fund	0	300,000	0	0	0
Metropolitan Class Development Fund	0	22,427	0	0	0
Primary Class Development Fund	0	14,825	0	0	0
Building Renewal Allocation Fund	0	783,667	200,000	0	0
State Building Renewal Assessment Fund	0	4,067,333	2,900,000	0	0
Resource Recovery Cash Fund	0	100,000	0	0	0
Clean-burning Motor Fuel Development Fund	0	200,000	0	0	0

	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Affordable Housing Trust Fund	0	2,250,000	2,250,000	0	0
Civic and Community Center Fund	0	500,000	500,000	0	0
Waste Reduction and Recycling Incentive Fund	0	900,000	400,000	0	0
Nebr Litter Reduction & Recycling Cash Fund	0	700,000	200,000	0	0
Petroleum Release Remedial Action Cash Fund	0	1,200,000	500,000	0	0
Legal Education for Public Service Loans Fund	0	95,000	0	0	0
<i>Transfers-In already in revenue forecast</i>	48,000,000	109,427,103	82,456,000	0	0
Records Management Cash Fund	0	0	470,000	0	0
State Settlement Fund	0	126,998	1,006,639	0	0
Mutual Finance Assistance Fund (lapse)	0	0	150,000	0	0
Municipal Rate Negotiations Revolving Loan Fund	0	0	250,000	0	0
Buffer Strip Incentive Fund	0	0	50,000	0	0
Fertilizers and Soil Conditioners Admini Fund	0	0	275,000	0	0
Underground Storage Tank Cash Fund	0	0	170,325	0	0
Department of Insurance Cash Fund	0	0	3,000,000	0	0
Dept of Motor Vehicles Ignition Interlock Fund	0	(25,000)	(25,000)	0	0
DHHS Cash Fund (X-Ray Cash)	0	0	1,300,000	0	0
DHHS Cash Fund (Emergency Preparedness)	0	0	520,000	0	0
DHHS Cash Fund (Radioactive Materials)	0	0	750,000	0	0
Critical Infrastructure Facilities Cash Fund	0	0	384,222	0	0
Small Watersheds Flood Control Fund	0	0	732,747	0	0
Game & Parks Capital Maintenance Fund	0	0	4,000,000	0	0
Workers Comp Court Cash Fund (shift to FY19)	0	(1,500,000)	1,500,000	0	0
Waste Reduction and Recycling Incentive Fund	0	0	500,000	0	0
Nebr Litter Reduction and Recycling Cash Fund	0	0	500,000	0	0
Chemigation Costs Fund	0	0	50,000	0	0
Accountability & Disclosure Commission Cash Fund	0	0	50,000	0	0
State Visitors Promotion Fund	0	0	1,000,000	0	0
<i>General Fund Transfers-In – 2018 Session</i>	0	(1,398,002)	16,133,933	0	0
Total General Fund Transfers-In	48,000,000	108,029,101	98,589,933	0	0

General Fund Appropriations

The financial status shown in this section includes the Appropriations Committee budget recommendations for current year deficits (FY2017-18) and adjustments for FY2018-19, the second year of the biennial budget. A listing of the most significant General Fund adjustments is shown in Table 10. The amount of mid-biennium budget adjustments in the Committee budget is a net \$15.0 million reduction over the two year period. This does not include the \$1.3 million reduction in reappropriation of prior year unexpended funds

FY2016-17	Operations	State Aid	Construction	Total
Total Per 2016 Session	1,580,659,703	2,808,792,134	22,239,000	4,411,690,837
2017 Session - LB 22 ATB Cuts	(31,578,246)	(6,049,584)	(20,000)	(37,647,830)
2017 Session - LB 22 Specific Cuts	(9,749,886)	(41,045,000)	0	(50,794,886)
2017 Session - LB 22 Regular Deficits	9,758	23,545,207	0	23,554,965
2017 Session - LB 149 deficit adjustments	(2,200,000)	(249,528)	0	(2,449,528)
2017 Session State Claims	394,853	0	0	394,853
2017 Session "A" bills	0	0	0	0
2017 Session - Deficits	(43,123,521)	(23,798,905)	(20,000)	(66,942,426)
Final Appropriation with deficits	1,537,536,182	2,784,993,229	22,219,000	4,344,748,411

FY2017-18	Operations	State Aid	Construction	Total
Total Per 2017 Session	1,570,199,266	2,806,074,350	21,739,000	4,398,012,616
2018 Session-Committee Proposed	(26,378,561)	18,463,904	0	(7,914,657)
2018 Session-State Claims	0	0	0	0
2018 Session-Floor Actions	0	0	0	0
2018 Session-Governor Vetoes	0	0	0	0
2018 Session-Veto Overrides	0	0	0	0
2018 Session "A" bills	0	0	0	0
2018 Session - Deficits	(26,378,561)	18,463,904	0	(7,914,657)
Final Appropriation with deficits	1,543,820,705	2,824,538,254	21,739,000	4,390,097,959
Change over prior year (excluding deficits)				
Dollar	(10,460,437)	(2,717,784)	(500,000)	(13,678,221)
Percent	-0.7%	-0.1%	-2.2%	-0.3%

FY2018-19	Operations	State Aid	Construction	Total
Total Per 2017 Session	1,601,110,898	2,840,565,879	21,739,000	4,463,415,777
2018 Session-Committee Proposed	(17,640,437)	10,519,873	0	(7,120,564)
2018 Session-Floor Actions	0	0	0	0
2018 Session-Mainline Governor Vetoes	0	0	0	0
2018 Session-Mainline Veto Overrides	0	0	0	0
2018 Session "A" bills	0	0	0	0
Post 2018 Session	0	0	0	0
2018 Session - Midbiennium Adjustments	(17,640,437)	10,519,873	0	(7,120,564)
Total Per 2018 Session	1,583,470,461	2,851,085,752	21,739,000	4,456,295,213
Change over prior year (excluding deficits)				
Dollar	13,271,195	45,011,402	0	58,282,597
Percent	0.8%	1.6%	0.0%	1.3%
Two Yr Avg (excluding deficits)	0.1%	0.8%	-1.1%	0.5%

Table 10 General Fund Budget Adjustments – 2018 Session

		Appropriations Committee Proposed		
		FY2017-18	FY2018-19	2 Yr total
SIGNIFICANT INCREASES:				
1	DHHS - Child Welfare aid deficit	24,681,826	31,004,088	55,685,914
2	DHHS - FFY2019 FMAP at 52.58% (All programs)	0	15,049,265	15,049,265
3	Revenue - Homestead Exemption, adjust to actual per current law	3,100,000	3,100,000	6,200,000
4	Education - TEEOSA state aid (insurance premium tax to actual)	3,654,857	0	3,654,857
5	DHHS - DD provider reimbursement, weekends & holidays (LB864)	2,700,000	0	2,700,000
6	Retirement - defined benefit retirement plans	0	519,171	519,171
7	Subtotal-Increases listed	34,136,683	49,672,524	83,809,207
SIGNIFICANT REDUCTIONS:				
8	Multiple Agencies - across the board reductions	(25,502,929)	(19,593,011)	(45,095,940)
9	Education - TEEOSA state aid (adjust to actual per current law)	0	(22,223,978)	(22,223,978)
10	DHHS - Public Assistance excess funds	(10,806,040)	(9,800,024)	(20,606,064)
11	Revenue - Personal Property Tax Exempt, adjust to actual	(1,300,000)	(2,000,000)	(3,300,000)
12	DHHS - shift funding from General to other funds (BSDC)	(2,500,000)	0	(2,500,000)
13	Multiple Agencies - health insurance savings	0	(960,053)	(960,053)
14	DHHS - sunset of the Aging/ Disability Resource Centers pilot project	0	(925,094)	(925,094)
15	DEQ - eliminate funding for Superfund aid	(316,200)	(316,200)	(632,400)
16	DHHS - vacancy savings, delayed hiring additional security	(560,000)	0	(560,000)
17	Courts - Reduce General Fund, offset with increase cash	(200,000)	(200,000)	(400,000)
18	DHHS - delay opening Lincoln Regional Center 12-bed unit	(258,048)	0	(258,048)
19	DHHS - delay opening Norfolk Sex Offender Unit 12-bed unit	(203,714)	0	(203,714)
	DHHS - Vacancy savings, Lincoln Regional Ctr Medical Director	(100,000)	0	(100,000)
	Subtotal-Reductions listed	(41,746,931)	(56,018,360)	(97,765,291)
20	ALL OTHER (Net)	(304,409)	(774,728)	(1,079,137)
36	GENERAL FUND NEW APPROPRIATIONS	(7,914,657)	(7,120,564)	(15,035,221)

Table 11 Summary of FY2018-19 General Fund Budget

	w/o Deficits FY2016-17	w/o Deficits FY2017-18	2018 Committee Proposal			Change over Prior Yr		2 Yr Avg % Change	% of Total FY18-19
			2017 Session FY2018-19	Midbiennium FY2018-19	Adjusted FY2018-19	FY18-19 (w/o deficits) \$	%		
Agency Operations									
University & State /Colleges	635,472,980	622,743,615	632,693,615	(6,326,937)	626,366,678	3,623,063	0.6%	-0.7%	14.1%
Health & Human Services *	236,540,656	235,300,405	239,657,753	(2,648,766)	237,008,987	1,708,582	0.7%	0.1%	5.3%
Correctional Services	204,158,501	207,907,950	212,422,262	(502,022)	211,920,240	4,012,290	1.9%	1.9%	4.8%
Courts	179,806,832	185,065,620	190,586,004	(3,542,484)	187,043,520	1,977,900	1.1%	2.0%	4.2%
State Patrol	60,113,441	61,047,081	61,540,095	(1,230,801)	60,309,294	(737,787)	-1.2%	0.2%	1.4%
Retirement Board	47,303,239	48,588,600	52,179,000	519,171	52,698,171	4,109,571	8.5%	5.5%	1.2%
Revenue	27,551,068	27,074,024	27,311,378	(591,336)	26,720,042	(353,982)	-1.3%	-1.5%	0.6%
Other 40 Agencies	189,712,986	182,471,971	184,720,791	(2,996,080)	181,724,711	(747,260)	-0.4%	-2.1%	4.1%
Total-GF Operations	1,580,659,703	1,570,199,266	1,601,110,898	(17,319,255)	1,583,791,643	13,592,377	0.9%	0.1%	35.5%
State Aid to Individuals/Others									
Medicaid	850,259,344	833,065,260	836,840,033	12,788,151	849,628,184	16,562,924	2.0%	0.0%	19.1%
Child Welfare Aid	160,193,618	166,067,300	166,067,300	31,004,088	197,071,388	31,004,088	18.7%	10.9%	4.4%
Public Assistance	108,094,067	104,794,067	104,794,067	(9,800,024)	94,994,043	(9,800,024)	-9.4%	-6.3%	2.1%
Developmental disabilities aid	150,667,981	149,225,944	148,089,366	2,190,077	150,279,443	1,053,499	0.7%	-0.1%	3.4%
Behavioral Health aid	73,844,769	72,243,240	72,243,240	(370,669)	71,872,571	(370,669)	-0.5%	-1.3%	1.6%
Childrens Health Insurance (SCHIP)	6,440,394	6,163,940	6,208,871	(30,798)	6,178,073	14,133	0.2%	-2.1%	0.1%
Aging Programs	10,449,701	10,449,701	10,449,701	0	10,449,701	0	0.0%	0.0%	0.2%
Higher Ed Student Aid programs	7,853,156	7,853,156	7,853,156	(314,126)	7,539,030	(314,126)	-4.0%	-2.0%	0.2%
Public Health Aid	6,917,612	6,192,491	6,192,491	(40,584)	6,151,907	(40,584)	-0.7%	-5.7%	0.1%
Business Innovation Act	6,760,000	6,271,200	6,271,200	(250,848)	6,020,352	(250,848)	-4.0%	-5.6%	0.1%
Community health centers	5,783,060	5,783,060	5,783,060	0	5,783,060	0	0.0%	0.0%	0.1%
All Other Aid to Individuals/Other	11,256,968	10,491,398	10,531,588	(314,935)	10,216,653	(274,745)	-2.6%	-4.7%	0.2%
Total-GF Aid to Individuals/Other	1,398,520,670	1,378,600,757	1,381,324,073	34,860,332	1,416,184,405	37,583,648	2.7%	0.6%	31.8%
State Aid to Local Govts									
State Aid to Schools (TEEOSA)	952,153,581	970,011,577	996,731,953	(22,223,978)	974,507,975	4,496,398	0.5%	1.2%	21.9%
Special Education	222,063,117	224,283,748	226,526,585	0	226,526,585	2,242,837	1.0%	1.0%	5.1%
Property Tax Credit	Transfer	Transfer	Transfer		Transfer	--	--	--	--
Aid to Community Colleges	100,828,308	100,324,166	99,329,166	(753,292)	98,575,874	(1,748,292)	-1.7%	-1.1%	2.2%
Homestead Exemption	72,515,000	78,200,000	81,000,000	3,100,000	84,100,000	5,900,000	7.5%	7.7%	1.9%
Personal Property Tax Relief Act	19,600,000	15,200,000	16,200,000	(2,000,000)	14,200,000	(1,000,000)	100.0%	-14.9%	0.3%
Aid to ESU's	14,051,761	13,630,208	13,630,208	(545,208)	13,085,000	(545,208)	-4.0%	-3.5%	0.3%
High ability learner programs	2,342,962	2,342,962	2,342,962	(140,578)	2,202,384	(140,578)	-6.0%	-3.0%	0.0%
Early Childhood programs	8,770,164	8,619,357	8,619,357	(344,774)	8,274,583	(344,774)	-4.0%	-2.9%	0.2%
Community Based Juvenile Services	6,300,000	6,300,000	6,300,000	(252,000)	6,048,000	(252,000)	-4.0%	-2.0%	0.1%
Resources Development Fund	3,140,325	3,140,325	3,140,325	(125,613)	3,014,712	(125,613)	-4.0%	-2.0%	0.1%
Other Aid to Local Govt	8,506,246	5,421,250	5,421,250	(451,104)	4,970,146	(451,104)	-8.3%	-23.6%	0.1%
Total-GF Aid to Local Govt	1,410,271,464	1,427,473,593	1,459,241,806	(23,736,547)	1,435,505,259	8,031,666	0.6%	0.9%	32.2%
Capital Construction	22,239,000	21,739,000	21,739,000	0	21,739,000	0	0.0%	-1.1%	0.5%
Total Appropriations	4,411,690,837	4,398,012,616	4,463,415,777	(6,195,470)	4,457,220,307	59,207,691	1.3%	0.5%	100.0%

Significant General Fund Items

TEEOSA School Aid (Education)

The Appropriations Committee adjusts the budgeted TEEOSA aid amount to the level called for under the existing law as calculated and released by the Dept of Education January 12, 2017.

In total this is \$25.4 million lower than estimate at Sine Die last year and was included in the budget enacted at that time. Taking into consideration changes in the Insurance Premium funds the overall changes in General Funds are a reduction of \$22,223,979 in FY2018-19

The following table shows the total amounts for TEEOSA aid (under current law), the key data elements important in determining the total, and the dollar and percent changes.

	Actual FY2016-17	Actual FY2017-18	Current Law FY2018-19	Estimated FY2019-20	Estimated FY2020-21
<u>Key Assumptions</u>					
School Disbursements	3.8%	3.3%	3.4%	3.5%	4.0%
Gen Fund Operating Expenditures (GFOE)	3.9%	3.7%	3.1%	3.5%	4.0%
Property Valuations (assessed)	10.4%	4.6%	2.9%	1.9%	3.5%
Property Valuations (adjusted)	10.4%	5.2%	2.9%	1.9%	3.5%
Adjusted to Assessed Valuation Ratio	100.1%	100.6%	100.7%	100.7%	100.7%
Cost Growth Factor	5.00%	4.00%	3.00%	4.00%	5.00%
Local Effort Rate	\$1.0000	\$1.0203	\$1.0203	\$1.0000	\$1.0000
<u>TEEOSA Total by Fund Source</u>					
General Funds	952,153,580	970,011,577	974,507,975	1,045,362,595	1,124,413,259
Insurance Premium Tax	27,159,388	28,256,832	25,000,000	24,700,000	25,200,000
Lottery funds, reorg incentives	0	473,345	906,222	0	0
Total TEEOSA state aid	979,312,968	998,741,754	1,000,414,197	1,070,062,595	1,149,613,259
<u>General Funds - Change over Prior Year</u>					
Dollar	5,613,919	17,857,997	4,496,398	70,854,621	79,050,664
Percent	0.6%	1.9%	0.5%	7.3%	7.6%
Two Yr Avg % Change	2.2%		1.2%		7.4%
<u>All Funds - Change over Prior Year</u>					
Dollar	6,276,343	19,428,786	1,672,444	69,648,398	79,550,664
Percent	0.6%	2.0%	0.2%	7.0%	7.4%
Two Yr Avg % Change	2.5%		1.1%		7.2%

The following table shows the chronology of the TEEOSA estimates since Sine Die 2017. The amounts shown are total TEEOSA aid including amounts financed with General Funds and Insurance Premium Tax. Since Sine Die 2017 the estimates for the formula data elements and subsequent aid amount, have now been replaced with actual data that is utilized to certify the FY2018-19 TEEOSA state aid. This includes calculation of formula students, actual Annual Financial Report data which is the basis for calculating NEEDS and other receipts, and property valuations which is the basis for calculating yield from local effort rate.

There were two revisions in the TEEOSA number. The first revision was made at the statutory joint meeting where the Department of Education (NDE), the Property Tax Administrator, the Legislative Fiscal Analyst, and the budget division of DAS are to provide an estimate for the upcoming year. This was the estimate used in the Governors recommendation. The second changes occurred with the development of the NDE calculation of aid under the current law in January 2018.

	All Funds FY2017-18	All Funds FY2018-19	All Funds FY2019-20	All Funds FY2020-21
Sine Die 2017 (with May 2017 certification)	998,741,754	1,025,769,482	1,119,516,889	1,198,006,211
Valuation, 2017 from 3.48% DPAT Est to 2.88% DPAT certified	0	(17,276,553)	(17,108,835)	(17,707,644)
Valuation; 2018 (3.5% to 1.92% DPAT est)	0	0	(5,172,053)	(5,353,075)
Student Growth Adjustment (to NDE)	0	(258,865)	(276,514)	(287,575)
New School Adjustment (to NDE)	0	(5,166,790)	(5,756,160)	(5,972,626)
Spending growth: FY18 4.0% to 3.53% (first budget to budget)	0	0	(10,156,697)	(11,006,312)
Income tax (+3.5% est to 2016 actual)	0	(959,735)	(906,621)	(942,886)
Adjust "Other Receipts", SPED to 1% rather than 2.5%	0	0	2,466,986	6,444,124
Adjust when shifting calculation years	0	(77,498)	3,004,624	3,004,624
Insurance Premium to FY18 actual and NDI estimates	0	0	0	0
Total Change - Fall 2017 Joint Meeting	0	(23,739,441)	(33,905,270)	(31,821,370)
Nov 2017 Joint Meeting	998,741,754	1,002,030,041	1,085,611,619	1,166,184,841
Actual FY17 AFR, Lower GFOE	0	(37,605,537)	(38,884,914)	(40,440,311)
Change in NEEDS gained or lost in basic funding calculation	0	15,660,519	8,973,255	9,332,185
Formula NEEDS Stabilization	0	16,223,782	5,540,297	5,761,909
Revised Student Growth Adjustment	0	(393,219)	(462,602)	(481,106)
Revised New School Adjustment	0	(517,690)	(580,170)	(603,377)
Averaging Adjustment	0	794,379	3,582,943	3,726,261
Poverty / LEP Corrections	0	4,270,971	0	0
All Other NEEDS changes	0	(1,168,654)	(1,555,397)	(2,022,015)
Lower effective Yield from Local Effort Rate	0	1,257,639	8,674,342	8,977,910
Actual FY17 AFR, higher Other Receipts	0	(807,584)	(836,777)	(823,037)
Transition Aid (LB 1067)	0	669,550	0	0
Increase lottery funds for transition aid	0	0	0	0
Total Change - NDE Jan 2018	0	(1,615,844)	(15,549,023)	(16,571,581)
NDE Jan 2018	998,741,754	1,000,414,197	1,070,062,595	1,149,613,260
<u>Change Since Sine Die 2017</u>				
Total Change - Fall 2017 Joint Meeting	0	(23,739,441)	(33,905,270)	(31,821,370)
Total Change - NDE Jan 2018	0	(1,615,844)	(15,549,023)	(16,571,581)
Total Change - All Funds	0	(25,355,285)	(49,454,293)	(48,392,951)
Change in Insurance Premium Tax	0	3,800,856	4,814,575	5,047,661
Change in Lottery funds, reorg incentives	0	(669,550)	0	0
Change in TEEOSA (General Funds)	0	(22,223,979)	(44,639,719)	(43,345,290)

Homestead Exemption (Revenue)

Total certificates for the current fiscal year and amended request for the Homestead Exemption in 2016 is \$81,278,386 while the current appropriation for FY17-18 was \$78.2 million. Since the counties may amend their requests for reimbursement of tax loss up to the May 30th statutory deadline, the Department of Revenue requested an amended appropriation of \$81.3 million for the current fiscal year, an increase of \$3.1 million from the current appropriation. With a higher FY2017-18 baseline amount, the FY2018-19 appropriation is also increased by the same amount of \$3.1 million.

Personal Property Tax Reimbursement (Revenue)

LB 259 enacted in the 2015 session, adopted the Personal Property Tax Relief Act. The bill provided for an exemption from the property tax on the first \$10,000 of valuation of tangible personal property in each tax district in which a personal property tax return is required to be filed.

Based on the 2017 certifications from the counties for the locally assessed personal property tax loss and the Department's most recent estimate for the centrally assessed personal property, tax loss for the current fiscal year equals \$13,807,419 below the original estimated and budgeted level of \$15.2 million. This allowed for a reduction in the FY2017-18 appropriation level of \$1.3 million allowing for a small contingency for potential amendments. In addition, it is estimated that the appropriation for FY2018-19 can also be decreased from \$16.2 million to \$14.2 million, a decrease of \$2.0 million based on the FY18 actual results.

Child Welfare Shortfall (DHHS)

DHHS requested additional General Funds of \$24,681,826 for FY 2017-18 and \$31,004,088 General Funds for FY 2018-19 to finance increased Child Welfare aid costs. The biennial appropriation for Child Welfare aid only included increases for the PromiseShip (formerly Nebraska Families Collaborative) contract and also included reductions for drug testing and kinship care support. The primary reasons for the deficit are 1) More children are being served. Entries into the child welfare system have increased while the rate at which cases are closed has remained relatively flat. 2) The number of services per child is up by 11% compared to FY 2016. Of these services family support increased by the largest amount. 3) Subsidized adoptions and guardianships are up. These costs are offset initially by reductions in foster care payments, but the costs compound over time as they continue until the child reaches age 19. 4) There was a significant disparity in payments for tribal contracts. They have been revised so all rates are standardized which resulted in higher costs. 5) It appears savings for kinship care is less than projected.

A review of year to date expenditures confirms that the current pace of expenditures leads to the \$24 million shortfall. Both the Governor and Appropriations Committee included the requested funding in their proposals.

Public Assistance, Lower than Budgeted Spending (DHHS)

The Department of Health and Human Services (DHHS) has analyzed the FY2017-18 spend rate and reviewed projections for FY 2018-19 for the various public assistance programs. Based on their analysis, actual spending patterns were below appropriations levels allowing for a reduction in General Fund appropriations by \$10,806,040 for FY 2017-18 and \$9,800,024 for FY 2018-19. All subprograms were underspending except Employment First. And through

December 2017, program 347 was underspending by 11% of the current year General Fund appropriation and 13% with the carryover funding included. Both the Governor and Appropriations Committee reduced the appropriations per the agency request.

Medicaid Match Rate, Lower than Budgeted (DHHS)

The current biennial budget for FY2018-19 enacted last session, was based on a federal medical assistance percentage (FMAP) of 53.50% rate for FFY2019 which starts October 2019. This 53.5% rate was a March 2017 estimate from the Federal Funds Information Service (FFIS)

It is now known that the actual FFY2019 FMAP will be 52.58% or .92% lower than estimated last session. This lower than budgeted federal match rates result in a higher state match and increased General Fund appropriations. The FMAP affects multiple program as shown below.

<u>Program</u>	<u>Type</u>	<u>FY2017-18</u>	<u>FY2018-19</u>
33 Developmental disability service coordination	Oper	0	111,641
344 Childrens Health Insurance (SCHIP)	Aid		(30,798)
348 Medicaid	Aid	0	12,788,151
354 Child Welfare	Aid	0	0
365 Mental Health operations	Oper	0	0
421 Beatrice State Develop Center (BSDC)	Oper	0	(9,806)
424 Developmental disability aid	Aid	0	2,190,077
Total GF impact of FMAP change		0	15,049,265

Developmental Disability Aid - residential provider reimbursement, weekends & holidays (DHHS)

A discrepancy in definitions and billing rates was found during the process of revising the federal Medicaid waivers. There was duplicated billing for day programming beyond 35 hours per week. After the billing errors were identified, the Centers for Medicare and Medicaid indicated the unallowable payments needed to cease and desist and all previous claims for these services were to be reviewed for overpayments. So, beginning October 1, 2016, the payments to providers of developmental disability services from the Department of Health and Human Services only included the state share of funding for over 35 hours per week of service.

In response to the federal ruling, the Legislature provided an additional \$4,663,144 of General Funds in LB 22 (2017) plus an estimated \$1,636,856 of unobligated reappropriated General Funds from FY16 to reimburse providers for federal funds which were lost due to the billing errors. The funds were to cover federal funds lost for a five month period from October of 2016 through February of 2017. It was assumed the Medicaid waivers would be approved by March 1, 2017 and federal funding would be restored to the providers at that time. However, the approval of the Medicaid waivers did not occur until May 1st, so providers incurred an additional loss of \$5,399,138 of federal funds. The Appropriations Committee proposal includes \$2.7 million of general funds in FY2017-18 to offset about 50% of the federal fund deficiency.

Sunset of the Aging and Disability Resource Centers (ADRCs) pilot project (DHHS)

In the 2015 session, LB 320 directed the Department of Health and Human Services to develop three pilot projects to establish Aging and Disability Resource Centers (ADRC). Area Agencies on Aging (AAA) applied for the grants for the pilot projects. The ADRCs pilot projects are

schedule to sunset on June 30, 2018. The funding totaling \$925,094 was inadvertently continued into FY2018-19 last session and is removed under the committee proposal.

Eliminate funding for Superfund aid (DEQ)

Legislation adopted in 2017 allows for transfers from the Petroleum Release Remedial Action Cash Fund to the Superfund Cost Share Cash Fund. The Governor's recommendation provides for the elimination of General Fund appropriations for the Superfund program. The required state match would be provided from the cash fund. General Fund savings amount to \$316,200 each year.

Across the Board Reductions (Multiple Agencies)

The Governors recommendation included an across the board reductions in a large number of operations and several state aid programs. These are 2% reductions in FY2017-18 and 4% reduction in FY2018-19 reductions applied to the current General Fund appropriations.

Exclusions to the across the board reductions for operations were constitutional officers salaries including judges, defined benefit retirement plans, DHHS 24/7 facilities, DHHS case workers, and Correctional Services. For state aid most major formula driven aid programs and entitlement programs were excluded including Medicaid, Child Welfare, Public Assistance, Behavioral Health aid, Developmental Disability aid, TEEOSA, and Special Education

The committee proposal basically applies the reductions to same budget programs and retains the 2% reduction in FY2017-18, but has a significantly lower reduction in FY2018-19 for operations. The committee maintains the 2% reduction into FY2018-19 for state agency operations but lowers the reduction to 1% for higher education; the University of Nebraska, State Colleges, and Community Colleges. Reductions for state aid, except for Aid to Community Colleges, was basically retained at the 4% level as in the Governors recommendation.

A complete listing by budget program and aid program can be found in Appendix C.

Type	FY2017-18 Appropriation	FY2018-19 Appropriation	Percent Exempt	FY2017-18 ATB Cut	FY2018-19 ATB Cu
Operations	1,570,199,266	1,601,110,898	28.1%	(22,381,813)	(16,409,877)
Aid to Individuals/Other	1,378,600,757	1,381,324,073	98.5%	(399,955)	(829,909)
Aid to Local Govt	1,427,473,593	1,459,241,806	90.5%	(2,721,161)	(2,353,225)
Capital Construction	21,739,000	21,739,000	100.0%	0	0
State Total	4,398,012,616	4,463,415,777	70.8%	(25,502,929)	(19,593,011)

The lower reduction for the University of Nebraska and State Colleges can be attributed to how their original budget was enacted. Last session, for state agencies the budget cuts were applied and then salary and health insurance costs were added. For the University and State Colleges, a lower base reduction was applied however no additional funding was subsequently provided for salary and health insurance costs. While absorbing the costs of salary and health insurance does not show up as a specific cut, it has the same impact. Without additional funding, other items in the budget must be reduced to cover the salary and health insurance costs. The impact of absorbing the salary and health insurance costs more than doubles the impact of the specific cut items especially the compounding effect in FY2018-19. The following

table shows the impact when comparing specific cuts only and then when taking into consideration absorbing the salary and health insurance costs.

	Other State Agencies	State Colleges	University of Nebraska
<u>FY2017-18 approximate % cut</u>			
Specific Cut Items	-3.66%	-0.50%	-2.21%
Absorb salary+health costs (1 yr)	0.00%	-2.87%	-3.29%
% cut including absorbing salary+health insurance	-3.66%	-3.37%	-5.49%
<u>FY2018-19 approximate % cut (biennial basis)</u>			
Specific Cut Items	-3.61%	-0.50%	-1.01%
Absorb salary+health costs (2 yrs)	0.00%	-5.87%	-6.69%
% cut including absorbing salary+health insurance	-3.61%	-6.37%	-7.70%

Health Insurance Savings (Multiple Agencies)

In the 2017 session, health insurance cost increases were budgeted at 5.75% each year, the 5.75% for FY18 a known rate and the FY19 a projection. At this point in time, the health insurance rates for FY2018-19 will be a 3.3% increase not the budgeted 5.75% increase. The savings due to this lower than budgeted rate are deducted from the enacted budgets but only for those agencies and programs where the across the board reductions were not applied. Total General Fund savings in FY2018-19 amount to

Health Insurance Savings				FY2017-18	FY2018-19
5	Supreme Court	3	Salaries-Supreme Court judges	0	(3,728)
5	Supreme Court	4	Salaries-Appeals Court judges	0	(3,339)
5	Supreme Court	6	Salaries-District Court judges	0	(30,190)
5	Supreme Court	7	Salaries-County Court judges	0	(26,543)
7	Governor	2	Salary-Governor	0	(674)
7	Governor	18	Policy Research Office	0	(1,684)
8	Lt. Governor	8	Salary-Lieutenant Governor	0	(687)
9	Sec of State	9	Salary-Secretary of State	0	(490)
10	Auditor	10	Salary-State Auditor	0	(572)
11	Attorney Gen	11	Salary-Attorney General	0	(630)
12	Treasurer	12	Salary-State Treasurer	0	(488)
13	Education	351	Vocational rehabilitation	0	(11,407)
14	Public Svs Com.	14	Salaries-PSC commissioners	0	(1,432)
15	Parole	320	Parole Board salaries	0	(1,301)
16	Revenue	13	Salary-Tax Commissioner	0	(314)
25	DHHS	250	Juvenile Services	0	(60,023)
25	DHHS	359	Young adult voluntary services	0	(578)
25	DHHS	365	Mental Health/Regional Centers	0	(163,545)
25	DHHS	421	Developmental Disability/BSDC	0	(76,718)
28	Vets Affairs	519	Nebraska Veterans Homes	0	(70,879)
46	Corrections	200	Adult Services	0	(498,395)
46	Corrections	214	Vocational and Life Skills Program	0	(3,627)
65	DAS	608	Employee Relations Division	0	(1,034)
78	Crime Commission	199	Law Enforcement Training Center	0	(1,775)
Total Health Insurance Savings				0	(960,053)

Reduce Reappropriations (Multiple Agencies)

The Governors recommendation included a 4% reduction in cases where unexpended monies from FY2016-17 were reappropriated to supplement the FY2017-18 new appropriation. This amounted \$1,108,408 of lapsed appropriations and shows up as an increase in the unobligated General Fund beginning balance on the Financial Status.

The Appropriations Committee included these with several changes; elimination of the reduction for the Legislative Council and two additional lapses for the Governor's office. Total savings per the Committee proposal is \$1,322,504

<u>Reduce FY18 Reappropriations</u>	<u>Amount</u>
3 Legislative Council	0
5 Supreme Court	(93,018)
7 Governor	(318,850)
8 Lt. Governor	(441)
11 Attorney General	(28,343)
15 Parole Board	(52,091)
29 Natural Resources	(500,000)
31 Military Dept	0
46 Correctional Services	(249,014)
64 State Patrol	(42,876)
65 Administrative Services	(28,670)
78 Crime Commission	(7,016)
82 Deaf/Hard of Hearing Comm.	(2,185)
Total Reduced Reappropriation	(1,322,504)

Total Appropriations – All Funds

Table 12 shows the total appropriation from all fund sources as enacted in the 2017 legislative session with the Appropriations Committee proposal for budget adjustments in the 2018 session.

Table 12 Total Appropriations - All Funds

FY2016-17	General	Cash	Federal	Rev/Other	Total
Adjusted Per 2016 Session	4,411,690,837	2,319,254,524	3,000,808,771	914,772,042	10,646,526,174
2017 Session - LB 22 ATB Cuts	(37,647,830)	279,467	0	0	(37,368,363)
2017 Session - LB 22 Specific Cuts	(50,794,886)	(307,985)	5,000,000	0	(46,102,871)
2017 Session - LB 22 Regular Deficits	23,554,965	707,578	3,491,059	4,560,000	32,313,602
2017 Session - LB 149 Late deficit adjus	(2,449,528)	1,938,838	0	0	(510,690)
2017 Session State Claims	394,853	2,076,000	0	499,410	2,970,263
2017 Session "A" bills	0	0	0	0	0
2017 Deficits	(66,942,426)	4,693,898	8,491,059	5,059,410	(48,698,059)
Final Total - 2017 Session	4,277,805,985	2,328,642,320	3,017,790,889	924,890,862	10,549,130,056
FY2017-18	General	Cash	Federal	Rev/Other	Total
Total Per 2017 Session	4,398,012,616	2,374,171,987	2,958,412,067	941,490,554	10,672,087,224
2018 Session-Committee Proposed	(7,914,657)	2,773,811	2,632,061	(543,499)	(3,052,284)
2018 Session State Claims	0	0	0	0	0
2018 Session Floor Actions	0	0	0	0	0
2018 Session Vetoes	0	0	0	0	0
2018 Session Overrides	0	0	0	0	0
2018 Session "A" bills	0	0	0	0	0
2018 Deficits	(7,914,657)	2,773,811	2,632,061	(543,499)	(3,052,284)
Final Total - 2018 Session	4,390,097,959	2,376,945,798	2,961,044,128	940,947,055	10,669,034,940
Change over prior year (without deficits)					
Dollar	(13,678,221)	54,917,463	(42,396,704)	26,718,512	25,561,050
Percent	-0.3%	2.4%	-1.4%	2.9%	0.2%
FY2018-19	General	Cash	Federal	Rev/Other	Total
Total Per 2017 Session	4,463,415,777	2,369,035,973	2,998,567,135	948,049,295	10,779,068,180
2018 Session-Committee Proposed	(7,120,564)	3,311,154	(14,711,690)	18,502,020	(19,080)
2018 Session Floor Actions	0	0	0	0	0
2018 Session Vetoes	0	0	0	0	0
2018 Session Overrides	0	0	0	0	0
2018 Session "A" bills	0	0	0	0	0
2016 Session Midbiennium Actions	(7,120,564)	3,311,154	(14,711,690)	18,502,020	(19,080)
Total Per 2018 Session	4,456,295,213	2,372,347,127	2,983,855,445	966,551,315	10,779,049,100
Change over prior year (without deficits)					
Dollar	58,282,597	(1,824,860)	25,443,378	25,060,761	106,961,876
Percent	1.3%	-0.1%	0.9%	2.7%	1.0%

Table 13 Significant Non-General Fund Budget Adjustments – 2018 Session

Major Items - Cash Funds	FY2017-18	FY2018-19	2 Yr Total
Education - TEEOSA state aid, transition aid lottery fund distribution	473,345	906,222	1,379,567
DED - Create Intern Nebraska Cash Fund (LB1055)	0	1,029,053	1,029,053
DHHS - Increase funds, Tobacco Prevention and Control Program (LB1062)	500,000	0	500,000
Game & Parks - Cash increase to offset ATB reduction	230,972	232,865	463,837
Coord Comm - Cash increase to offset ATB reduction	137,363	274,726	412,089
DHHS - Student loan repayment program grants	200,000	200,000	400,000
Supreme Court – General Fund reduction offset with increase cash	200,000	200,000	400,000
DHHS - Medically Underserved Fund Distribution	378,582	0	378,582
Real Estate Comm - Database project	0	284,400	284,400
Public Advocacy - Rural practice loan repayment assistance	125,000	150,000	275,000
Dry Bean - Additional funds, research, promotion, website, travel, staffing	100,000	150,000	250,000
Political Accountability - Continued software development	220,875	0	220,875
DED - Create Lead-Based Paint Hazard Control Cash Fund	0	200,000	200,000
Tourism - Create Tourism Commission Promotional Cash Fund (LB802)	90,000	90,000	180,000
Nat Resources - Reduce appropriation, Water Sustainability Fund, 4% cut	0	(429,557)	(429,557)
All Other	117,674	23,445	141,119
TOTAL CASH FUNDS	2,773,811	3,311,154	6,084,965

Major Items - Federal Funds	FY2017-18	FY2018-19	2 Yr Total
DHHS-BSDC, shift funding from General to Federal	2,500,000	0	2,500,000
Education-Nebraska Career Connections Contract	225,000	225,000	450,000
DHHS-Student loan repayment program grants	0	300,000	300,000
DHHS-FFY2019 FMAP at 52.58% (All programs)	0	(15,049,265)	(15,049,265)
Vis Impaired-Reduce federal fund, reduction in federal re-allotment	(92,939)	(187,425)	(280,364)
All Other	0	0	0
TOTAL FEDERAL FUNDS	2,632,061	(14,711,690)	(12,079,629)

Major Items – NCCF / Revolving	FY2017-18	FY2018-19	2 Yr Total
Construction-State Capitol HVAC project, revised cash flow	0	15,695,519	15,695,519
Corrections-State Penitentiary Dormitory project	0	5,800,000	5,800,000
DAS-E-rate and invoice consolidation	0	4,050,000	4,050,000
DAS-OCIO - operational efficiencies (Prog 172)	(479,239)	(479,239)	(958,478)
DAS-OCIO - operational efficiencies (Prog 173)	(64,260)	(64,260)	(128,520)
Corrections-Lincoln Community Corrections project, lower project cost	0	(6,500,000)	(6,500,000)
All Other (Revolving)	0	0	0
TOTAL NCCF / REVOLVING FUNDS	(543,499)	18,502,020	17,958,521

TEEOSA - Transition aid lottery fund distribution (Education)

LB 1067 (2016) provided learning community transition aid to several school districts which are members of the learning community in FY2017-18 and FY2018-19. The calculated amount per LB 1067 provided in FY19 is 50% of the amount in FY18.

The bill requires the transition aid to be paid by funds from the Nebraska Education Improvement Fund (lottery proceeds). The amount originally estimated in the fiscal note was considerably higher than the amount calculated for the actual payment. The cash fund appropriation of lottery funds for transition aid was inadvertently not made during the last session, so cash funds need to be appropriated to cover the aid requirement.

Tobacco Prevention and Control Program (DHHS)

LB 1062, a bill heard in the Appropriations Committee called for an additional \$2.4 million appropriation for the Tobacco Prevention and Control Program from the Nebraska Health Care Cash Fund. The Appropriations Committee included a one-time \$500,000 increase in FY2017-18 financed with a like transfer from the Health Care Cash Fund. Note that any unused appropriation for FY2017-18 will carry forward into FY2018-19.

Intern Nebraska Cash Fund (DED)

The Appropriations Committee recommendation removes the internship grant program from the Job Training Cash Fund in the Department of Economic Development and creates the Intern Nebraska Cash Fund. Existing law provides that no more than \$1,500,000 may be allocated annually from the Job Training Cash Fund for internship grants. The Intern Nebraska Cash Fund would provide grants to employers in conformance with the existing law governing internship programs. The unobligated balance of the Nebraska Progress Loan Fund that existed on September 30, 2017 would be transferred to the Intern Nebraska Cash Fund. It is estimated that approximately \$1,020,053 will be transferred to the Intern Nebraska Cash Fund. The Nebraska Progress Loan Fund consists of loan repayments from a federal program created to provide assistance to small businesses. Federal guidelines allow states to use loan repayments for programs that will benefit small businesses. The creation of the Intern Nebraska Cash Fund is based upon the provisions of LB 1055, a bill heard in the Appropriations Committee.

Lead-Based Paint Hazard Control Cash Fund (DED)

The Appropriations Committee recommendation would authorize a \$200,000 transfer from the Affordable Housing Trust Fund to the Lead-Based Paint Hazard Control Cash Fund in FY18-19. The Lead-Based Paint Hazard Control Cash Fund would be used to provide a grant to a city of the metropolitan class to carry out lead-based paint hazard control actions on owner-occupied properties, contingent upon formal notification by the U.S. Department of Housing and Urban Development that it intends to award a grant to carry out the federal Residential Lead-Based Paint Hazard Reduction Act. The proceeds of the grant from the Lead-Based Paint Hazard Control Cash Fund would be applied to the congressional district grant allocations for the Affordable Housing Trust Fund as established under Section 58-708. That section of law directs the Department of Economic Development to make its best efforts to allocate not less than 30% of grant funds to each congressional district.

Medicaid Match Rate, Lower than Budgeted (DHHS)

As noted in the General Fund section, the current biennial budget for FY2018-19 enacted last session, was based on a federal medical assistance percentage (FMAP) of 53.50% rate for FFY2019 which starts October 2019. This 53.5% rate was a March 2017 estimate from the Federal Funds Information Service (FFIS). It is now known that the actual FFY2019 FMAP will

be 52.58% or .92% lower than estimated last session. This lower than budgeted federal match rates result in a reduced level of Federal Funds and increased General Fund appropriations.

State Penitentiary Dormitory, 100 bed unit (Correctional Services)

In 2016, \$26.2 million was appropriated for a capital construction project that would add a 160-bed female unit at the Community Corrections Center-Lincoln (CCCL). Due to lower than anticipated construction bids, the Department of Correctional Services now projects a savings on the CCCL project of approximately \$6.5 million.

The Governor recommended reallocating \$5.8 million of this savings on a new capital construction project at the Nebraska State Penitentiary (NSP). This facility would be inside the secure perimeter of the NSP and include 100 minimum custody dormitory style beds including control station, dayroom, and bathrooms. Full occupancy is expected by June 2020.

Both are included in the Appropriations Committee's proposed budget.

State Capitol HVAC Project, Revise Cash Flow (DAS)

As the planning for the State Capitol HVAC continues and construction is close to starting, a revision in funding for cash flow purposes is required. The following table shows the changes. Note that the total amount for the project remains unchanged, just a change in the fiscal years.

Fiscal Yr	Per 2017 Session			Proposed Changes			Per 2018 Session		
	General	NCCF	Total	General	NCCF	Total	General	NCCF	Total
FY2014-15	0	11,701,900	11,701,900	0	0	0	0	11,701,900	11,701,900
FY2015-16	0	0	0	0	0	0	0	0	0
FY2016-17	0	7,804,292	7,804,292	0	0	0	0	7,804,292	7,804,292
FY2017-18	0	0	0	0	0	0	0	0	0
FY2018-19	0	4,538,101	4,538,101	0	15,695,519	15,695,519	0	20,233,620	20,233,620
FY2019-20	20,496,488	2,469,348	22,965,836	(4,000,000)	(2,469,348)	(6,469,348)	16,496,488	0	16,496,488
FY2020-21	10,194,538	2,794,586	12,989,124	(2,000,000)	(2,794,586)	(4,794,586)	8,194,538	0	8,194,538
FY2021-22	12,624,369	3,477,195	16,101,564	2,000,000	(3,477,195)	(1,477,195)	14,624,369	0	14,624,369
FY2022-23	12,459,563	3,477,195	15,936,758	(4,000,000)	(3,477,195)	(7,477,195)	8,459,563	0	8,459,563
FY2023-24	10,290,242	3,477,195	13,767,437	4,000,000	(3,477,195)	522,805	14,290,242	0	14,290,242
FY2024-15	0	0	0	4,000,000	0	4,000,000	4,000,000	0	4,000,000
Total	66,065,200	39,739,812	105,805,012	0	0	0	66,065,200	39,739,812	105,805,012

Appendix A

Detailed Listing of All Budget Adjustments

(Across the board reductions are shown collectively at the end of this table. Details can be found in Appendix C)

	Fund	Current Biennium		Est for Following Biennium	
		FY2017-18	FY2018-19	FY2019-20	FY2020-21
#05-Supreme Court					
3 Health insurance savings	Gen	0	(3,728)	(3,728)	(3,728)
4 Health insurance savings	Gen	0	(3,339)	(3,339)	(3,339)
6 Health insurance savings	Gen	0	(30,190)	(30,190)	(30,190)
7 Health insurance savings	Gen	0	(26,543)	(26,543)	(26,543)
52 General Fund reduction offset with increase cash	Gen	(200,000)	(200,000)	(200,000)	(200,000)
52 General Fund reduction offset with increase cash	Cash	200,000	200,000	200,000	200,000
#07-Governor					
2 Health insurance savings	Gen	0	(674)	(674)	(674)
18 Health insurance savings	Gen	0	(1,684)	(1,684)	(1,684)
21 One-time reduction	Gen	(20,000)	0	0	0
#08-Lt. Governor					
8 Health insurance savings	Gen	0	(687)	(687)	(687)
#9-Secretary of State					
9 Health insurance savings	Gen	0	(490)	(490)	(490)
45 Cash increase to offset ATB reduction	Cash	0	70,418	70,418	70,418
51 Shift funding, UCC Central Filing to Enforcement of Standards	Cash	200,000	0	0	0
89 Shift funding, UCC Central Filing to Enforcement of Standards	Cash	(200,000)	0	0	0
#10-State Auditor					
10 Health insurance savings	Gen	0	(572)	(572)	(572)
10 Reduce appropriation for waived health insurance coverage	Gen	(23,394)	0	0	0
506 Shift audit costs to cash funded program, review of local government	Gen	(48,674)	(98,441)	(98,441)	(98,441)
525 Shift audit costs to cash funded program, review of local government	Cash	48,674	98,441	98,441	98,441

	Fund	Current Biennium		Est for Following Biennium	
		FY2017-18	FY2018-19	FY2019-20	FY2020-21
#11-Attorney General					
11 Health insurance savings	Gen	0	(630)	(630)	(630)
#12-State Treasurer					
12 Allocate salary and benefits to cash fund revenue sources	Gen	0	(80,125)	(80,125)	(80,125)
12 Allocate salary and benefits to cash fund revenue sources	Cash	0	80,125	80,125	80,125
12 Health insurance savings	Gen	0	(488)	(488)	(488)
12 Reduction, reflect actual health insurance plan selection	Gen	(16,500)	0	0	0
117 Reduction, equivalent of 4% reduction in expenditures (MFA)	Cash	0	(400,000)	(400,000)	(400,000)
659 Reduce to amount needed to transition program elimination	Gen	(10,980)	0	0	0
#13-Dept of Education					
25 Nebraska Career Connections Contract	Fed	225,000	225,000	225,000	225,000
158 School Breakfast Program	Gen	50,126	56,856	56,856	56,856
158 TEEOSA state aid, to NDE calculated per current law	Gen	0	(22,223,978)	(44,639,719)	(43,345,290)
158 TEEOSA state aid, insurance premium tax adjustment	Gen	3,654,857	0	0	0
158 TEEOSA state aid, transition aid lottery fund distribution	Cash	473,345	906,222	0	0
351 Health insurance savings	Gen	0	(11,407)	(11,407)	(11,407)
#14-Public Service Commission					
14 Health insurance savings	Gen	0	(1,432)	(1,432)	(1,432)
16 Retiree leave payout, shift funds between programs	Gen	(15,500)	(15,500)	(15,500)	(15,500)
54 Retiree leave payout, shift funds between programs	Gen	15,500	15,500	15,500	15,500
54 Retiree leave payout, shift funds between programs	Cash	20,000	20,000	0	0
54 Retiree leave payout, shift funds between programs (PSL)	PSL	30,500	30,500	15,500	15,500
60 Additional vehicle	Cash	24,000	0	0	0
71 Nebraska Internet Enhancement Fund (NIEF) grant applications	Cash	25,000	25,000	25,000	25,000
#15-Parole Board					
320 Health insurance savings	Gen	0	(1,301)	(1,301)	(1,301)

	Fund	Current Biennium		Est for Following Biennium	
		FY2017-18	FY2018-19	FY2019-20	FY2020-21
#16-Dept of Revenue					
13 Allocate salary and benefits among all budget programs	Gen	0	(49,061)	(49,061)	(49,061)
13 Allocate salary and benefits among all budget programs	Cash	0	49,061	49,061	49,061
13 Health insurance savings	Gen	0	(314)	(314)	(314)
108 Adjust Homestead Exemption to actual under current law	Gen	3,100,000	3,100,000	3,100,000	3,100,000
109 Adjust Personal Property Tax Exemption to actual under current law	Gen	(1,300,000)	(2,000,000)	(2,000,000)	(2,000,000)
164 Gamblers Assistance - Director salary increase, reclassification (PSL)	PSL	0	6,886	6,886	6,886
#25-Health and Human Services					
30 Increase funds, Tobacco Prevention and Control Program (LB1062)	Cash	500,000	0	0	0
33 FFY2019 FMAP at 52.58% (Prog 33 Admin)	Gen	0	111,641	111,641	111,641
33 FFY2019 FMAP at 52.58% (Prog 33 Admin)	Fed	0	(111,641)	(111,641)	(111,641)
33 Sunset, Aging and Disability Resource Centers (ADRCs) pilot project	Gen	0	(321,182)	(321,182)	(321,182)
38 Reduce GF for provider contract, offset with available DSH funding	Gen	(144,149)	(370,669)	(370,669)	(370,669)
175 Student loan repayment program grants	Cash	200,000	200,000	200,000	200,000
175 Student loan repayment program grants	Fed	0	300,000	300,000	300,000
178 Base reduction to align appropriation with estimated expenditures	Gen	(49,174)	(49,174)	(49,174)	(49,174)
250 Health insurance savings	Gen	0	(60,023)	(60,023)	(60,023)
250 Vacancy Savings due to delayed hiring of additional security personnel	Gen	(560,000)	0	0	0
344 Shift appropriation, Children's Health Insurance (NCHIP) to Medicaid	Gen	(2,500,000)	0	0	0
344 FFY2019 FMAP at 52.58% (Prog 344 SCHIP)	Gen	0	(30,798)	(30,798)	(30,798)
344 FFY2019 FMAP at 52.58% (Prog 344 SCHIP)	Fed	0	30,798	30,798	30,798
347 Public Assistance excess, use to offset child welfare aid	Gen	(10,806,040)	(9,800,024)	(9,800,024)	(9,800,024)
348 Shift appropriation, Children's Health Insurance (NCHIP) to Medicaid	Gen	2,500,000	0	0	0
348 FFY2019 FMAP at 52.58% (Prog 348 Medicaid)	Gen	0	12,788,151	12,788,151	12,788,151
348 FFY2019 FMAP at 52.58% (Prog 348 Medicaid)	Fed	0	(14,978,228)	(14,978,228)	(14,978,228)
354 Child Welfare Aid deficit	Gen	24,681,826	31,004,088	31,004,088	31,004,088
359 Health insurance savings	Gen	0	(578)	(578)	(578)
365 Delay opening Lincoln Regional Center 12-bed unit	Gen	(258,048)	0	0	0
365 One-time vacancy savings - Lincoln Regional Center Medical Director	Gen	(100,000)	0	0	0
365 Delay opening Norfolk Sex Offender Unit 12-bed unit	Gen	(203,714)	0	0	0
365 Do not fill Norfolk Sex Offender Unit psychology position	Gen	(34,534)	(82,844)	(82,844)	(82,844)
365 Health insurance savings	Gen	0	(163,545)	(163,545)	(163,545)
365 Reduce general operating expenses	Gen	0	(10,686)	(10,686)	(10,686)

		Current Biennium		Est for Following Biennium	
	Fund	FY2017-18	FY2018-19	FY2019-20	FY2020-21
421 BSDC, shift funding from General to Cash	Gen	(2,500,000)	0	0	0
421 BSDC, shift funding from General to Cash	Cash	0	0	0	0
421 BSDC, shift funding from General to Federal	Fed	2,500,000	0	0	0
421 FFY2019 FMAP at 52.58% (Prog 421 BSDC)	Gen	0	(9,806)	(9,806)	(9,806)
421 FFY2019 FMAP at 52.58% (Prog 421 BSDC)	Fed	0	9,806	9,806	9,806
421 Health insurance savings	Gen	0	(76,718)	(76,718)	(76,718)
424 FFY2019 FMAP at 52.58% (Prog 424 Develop Disabilities)	Gen	0	2,190,077	2,190,077	2,190,077
424 FFY2019 FMAP at 52.58% (Prog 424 Develop Disabilities)	Fed	0	0	0	0
424 Develop Disability,-provider reimbursement, weekends & holidays (LB864)	Gen	2,700,000	0	0	0
502 Medically Underserved Fund Distribution	Cash	378,582	0	0	0
514 Reduce GF for Elemental Formula Program (Health Aid)	Gen	(30,000)	(30,000)	(30,000)	(30,000)
514 Reduce GF for Statewide Drug Disposal Project (Health Aid)	Gen	(5,400)	(10,584)	(10,584)	(10,584)
571 Sunse, Aging and Disability Resource Centers (ADRCs) pilot project	Gen	0	(603,912)	(603,912)	(603,912)

#27-Dept of Transportation

26 Restore Civil Air Patrol aid (LB674)	Cash	0	80,400	80,400	80,400
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#28-Dept of Veterans Affairs

36 Shift operational support funds from Dept Admin to Vets Homes program	Gen	(373,671)	(376,108)	(376,108)	(376,108)
36 Shift operational support funds from Dept Admin to Vets Homes program	Cash	(221,413)	(222,858)	(222,858)	(222,858)
36 Shift operational support funds from Dept Admin to Vets Homes program	Fed	(349,418)	(351,696)	(351,696)	(351,696)
36 Shift PSLfrom Dept Admin to Vets Homes program (PSL)	PSL	(711,934)	(717,273)	(717,273)	(717,273)
519 Shift operational support funds from Dept Admin to Vets Homes program	Gen	373,671	376,108	376,108	376,108
519 Shift operational support funds from Dept Admin to Vets Homes program	Cash	221,413	222,858	222,858	222,858
519 Shift operational support funds from Dept Admin to Vets Homes program	Fed	349,418	351,696	351,696	351,696
519 Shift PSLfrom Dept Admin to Vets Homes program (PSL)	PSL	711,934	717,273	717,273	717,273
519 Health insurance savings	Gen	0	(70,879)	(70,879)	(70,879)
519 Retrospective vacancy savings in FY 2017-18	Gen	(87,000)	0	0	0

#29-Dept of Natural Resources

313 Reduce appropriation by 4% in FY19 (Water Sustainability Fund)	Cash	0	(429,557)	(429,557)	(429,557)
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#33-Game and Parks Commission

617 Cash increase to offset ATB reduction	Cash	230,972	232,865	232,865	232,865
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	Fund	Current Biennium		Est for Following Biennium	
		FY2017-18	FY2018-19	FY2019-20	FY2020-21
#41-Real Estate Commission					
77 Database project	Cash	0	284,400	0	0
#46-Dept of Correctional Services					
200 Staffing analysis levels (PSL only)	PSL	0	436,985	436,985	436,985
200 Shift from medical contract to staffing, Tecumseh (PSL only)	PSL	2,266,595	2,283,596	2,283,596	2,283,596
200 Health insurance savings	Gen	0	(498,395)	(498,395)	(498,395)
214 Health insurance savings	Gen	0	(3,627)	(3,627)	(3,627)
#48-Postsecondary Coordinating Commission					
640 Retiree leave payout	Gen	16,065	0	0	0
690 Cash increase to offset ATB reduction	Cash	137,363	274,726	274,726	274,726
#54-Historical Society					
648 Retiree leave payout	Gen	99,205	0	0	0
648 Retiree leave payout (PSL)	PSL	86,297	0	0	0
#60-Ethanol Board					
516 Retiree leave payout and director transition (PSL only)	PSL	0	15,000	0	0
#65-Administrative Services					
172 OCIO - operational efficiencies	Rev	(479,239)	(479,239)	(479,239)	(479,239)
172 OCIO - operational efficiencies (PSL)	PSL	(313,605)	(313,605)	(313,605)	(313,605)
173 E-rate and invoice consolidation	Rev	0	4,050,000	4,050,000	4,050,000
173 OCIO - operational efficiencies	Rev	(64,260)	(64,260)	(64,260)	(64,260)
173 OCIO - operational efficiencies (PSL)	PSL	(35,289)	(35,289)	(35,289)	(35,289)
608 Health insurance savings	Gen	0	(1,034)	(1,034)	(1,034)
#70-Foster Care Review Board					
116 Increase PSL (\$15,000 FY18) for retirement leave payout	PSL	15,000	0	0	0
#72-Dept of Economic Development					
603 Eliminate funding for Small Business Innovation Act	Gen	0	(50,000)	(50,000)	(50,000)
603 Create Intern Nebraska Cash Fund, transfer from Progress Loan Fund	Cash	0	1,029,053	0	0
603 Create Lead-Based Paint Hazard Control Cash Fund.	Cash	0	200,000	0	0

	Fund	Current Biennium		Est for Following Biennium	
		FY2017-18	FY2018-19	FY2019-20	FY2020-21
#78-Crime Commission					
198 Retiree leave payout (PSL only)	PSL	29,882	0	0	0
199 Health insurance savings	Gen	0	(1,775)	(1,775)	(1,775)
#81-Blind/Visually Impaired					
357 Reduce federal fund, reduction in federal re-allotment	Fed	(76,232)	(154,021)	(154,021)	(154,021)
357 Reduce federal fund, reduction in federal re-allotment	Fed	(16,707)	(33,404)	(33,404)	(33,404)
#84-Dept of Environmental Quality					
513 Eliminate funding for Superfund aid	Gen	(316,200)	(316,200)	(316,200)	(316,200)
#85-Public Employees Retirement Board					
41 Retiree leave payout (PSL)	PSL	38,085	0	0	0
515 Statutory Contribution - School 2%	Gen	0	1,149,954	1,149,954	1,149,954
515 Statutory Contribution - OPS service annuity	Gen	0	243,169	243,169	243,169
515 Actuarially required contribution - Judges plan	Gen	0	(311,387)	(311,387)	(311,387)
515 Actuarially required contribution - State Patrol plan	Gen	0	(562,565)	(562,565)	(562,565)
#86-Dry Bean Commission					
137 Additional cash funds, research, promotion, website, travel, staffing	Cash	100,000	150,000	150,000	150,000
#87-Political Accountability and Disclosure					
94 Continued software development	Cash	220,875	0	0	0
#91-Nebraska Tourism Commission					
618 Create Tourism Commission Promotional Cash Fund (LB802)	Cash	90,000	90,000	90,000	90,000
#94-Commission on Public Advocacy					
430 Cash fund authority, rural practice loan repayment assistance	Cash	125,000	150,000	0	0

	Fund	Current Biennium		Est for Following Biennium	
		FY2017-18	FY2018-19	FY2019-20	FY2020-21
Capital Construction Projects					
927 Lincoln Community Corrections project, lower than estimated project cost	NCCF	0	(6,500,000)	0	0
929 State Penitentiary Dormitory project, use Community Corrections savings	NCCF	0	5,800,000	0	0
922 State Capitol HVAC project, revised cash flow	Gen	0	0	(4,000,000)	(2,000,000)
922 State Capitol HVAC project, revised cash flow	NCCF	0	15,695,519	(2,469,348)	(2,794,586)
Across the Board Cuts					
-- Across the Board Reductions - operations	Gen	(22,381,813)	(16,409,877)	(16,409,877)	(16,409,877)
-- Across the Board Reductions - state aid	Gen	(3,121,116)	(3,183,134)	(3,183,134)	(3,183,134)
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General Funds	Gen	(7,914,657)	(7,120,564)	(33,536,305)	(30,241,876)
Cash Funds	Cash	2,273,811	3,311,154	721,479	721,479
Federal Funds	Fed	2,632,061	(14,711,690)	(14,711,690)	(14,711,690)
Revolving Funds	Rev	(543,499)	3,506,501	3,506,501	3,506,501
Nebraska Capital Construction Fund (NCCF)	NCCF	0	14,995,519	(2,469,348)	(2,469,348)
Total		(3,052,284)	(19,080)	(46,489,363)	(43,520,172)
PSL	PSL	2,117,465	2,424,073	2,394,073	2,394,073

Appendix B

General Fund Appropriations by Agency

			FY2016-17	FY2017-18			FY2018-19			Change over Prior Year (excludes deficits)				
				Without deficits	Per 2017 Session	2018 Deficits	Revised Per 2018 Session	Per 2017 Session	2018 Changes	Revised Per 2018 Session				
											FY18 \$ Change	FY18 % Change	FY19 \$ Change	FY19 % Change
#03	Legislative Council	Oper	20,930,311	20,831,151	(403,963)	20,427,188	21,026,748	(407,875)	20,618,873	(99,160)	-0.5%	(212,278)	-1.0%	
#03	Legislative Council	Total	20,930,311	20,831,151	(403,963)	20,427,188	21,026,748	(407,875)	20,618,873	(99,160)	-0.5%	(212,278)	-1.0%	
#05	Supreme Court	Aid	300,000	300,000	0	300,000	300,000	0	300,000	0	0.0%	0	0.0%	
#05	Supreme Court	Oper	179,806,832	185,065,620	(3,376,054)	181,689,566	190,586,004	(3,542,484)	187,043,520	5,258,788	2.9%	1,977,900	1.1%	
#05	Supreme Court	Total	180,106,832	185,365,620	(3,376,054)	181,989,566	190,886,004	(3,542,484)	187,343,520	5,258,788	2.9%	1,977,900	1.1%	
#07	Governor	Oper	2,280,286	2,169,238	(60,445)	2,108,793	2,194,869	(43,284)	2,151,585	(111,048)	-4.9%	(17,653)	-0.8%	
#07	Governor	Total	2,280,286	2,169,238	(60,445)	2,108,793	2,194,869	(43,284)	2,151,585	(111,048)	-4.9%	(17,653)	-0.8%	
#08	Lt. Governor	Oper	149,486	149,172	(734)	148,438	151,197	(1,429)	149,768	(314)	-0.2%	596	0.4%	
#08	Lt. Governor	Total	149,486	149,172	(734)	148,438	151,197	(1,429)	149,768	(314)	-0.2%	596	0.4%	
#09	Secretary of State	Oper	2,021,019	2,476,079	(47,164)	2,428,915	2,308,461	(44,278)	2,264,183	455,060	22.5%	(211,896)	-8.6%	
#09	Secretary of State	Total	2,021,019	2,476,079	(47,164)	2,428,915	2,308,461	(44,278)	2,264,183	455,060	22.5%	(211,896)	-8.6%	
#10	State Auditor	Oper	2,609,327	2,556,086	(72,068)	2,484,018	2,584,769	(99,013)	2,485,756	(53,241)	-2.0%	(70,330)	-2.8%	
#10	State Auditor	Total	2,609,327	2,556,086	(72,068)	2,484,018	2,584,769	(99,013)	2,485,756	(53,241)	-2.0%	(70,330)	-2.8%	
#11	Attorney General	Oper	7,266,457	6,484,994	0	6,484,994	6,552,527	(630)	6,551,897	(781,463)	-10.8%	66,903	1.0%	
#11	Attorney General	Total	7,266,457	6,484,994	0	6,484,994	6,552,527	(630)	6,551,897	(781,463)	-10.8%	66,903	1.0%	
#12	State Treasurer	Oper	1,303,949	1,285,096	(50,005)	1,235,091	1,260,639	(103,282)	1,157,357	(18,853)	-1.4%	(127,739)	-9.9%	
#12	State Treasurer	Total	1,303,949	1,285,096	(50,005)	1,235,091	1,260,639	(103,282)	1,157,357	(18,853)	-1.4%	(127,739)	-9.9%	
#13	Education	Aid	1,203,433,823	1,222,439,189	3,210,368	1,225,649,557	1,251,442,592	(23,326,930)	1,228,115,662	19,005,366	1.6%	5,676,473	0.5%	
#13	Education	Oper	25,498,938	24,963,839	(398,121)	24,565,718	25,279,496	(411,952)	24,867,544	(535,099)	-2.1%	(96,295)	-0.4%	
#13	Education	Total	1,228,932,761	1,247,403,028	2,812,247	1,250,215,275	1,276,722,088	(23,738,882)	1,252,983,206	18,470,267	1.5%	5,580,178	0.4%	
#14	Public Service Comm	Oper	2,540,808	2,340,162	(36,995)	2,303,167	2,364,672	(38,849)	2,325,823	(200,646)	-7.9%	(14,339)	-0.6%	
#14	Public Service Comm	Total	2,540,808	2,340,162	(36,995)	2,303,167	2,364,672	(38,849)	2,325,823	(200,646)	-7.9%	(14,339)	-0.6%	
#15	Parole Board	Oper	7,098,862	7,217,254	(132,929)	7,084,325	7,677,572	(143,302)	7,534,270	118,392	1.7%	317,016	4.4%	
#15	Parole Board	Total	7,098,862	7,217,254	(132,929)	7,084,325	7,677,572	(143,302)	7,534,270	118,392	1.7%	317,016	4.4%	
#16	Revenue	Aid	92,115,000	93,400,000	1,800,000	95,200,000	97,200,000	1,100,000	98,300,000	1,285,000	1.4%	4,900,000	5.2%	
#16	Revenue	Oper	27,551,068	27,074,024	(537,270)	26,536,754	27,311,378	(591,336)	26,720,042	(477,044)	-1.7%	(353,982)	-1.3%	
#16	Revenue	Total	119,666,068	120,474,024	1,262,730	121,736,754	124,511,378	508,664	125,020,042	807,956	0.7%	4,546,018	3.8%	

			FY2016-17	FY2017-18			FY2018-19			Change over Prior Year (excludes deficits)			
			Without deficits	Per 2017 Session	2018 Deficits	Revised Per 2018 Session	Per 2017 Session	2018 Changes	Revised Per 2018 Session	FY18 \$ Change	FY18 % Change	FY19 \$ Change	FY19 % Change
#18	Agriculture	Aid	975,000	475,000	(9,500)	465,500	475,000	(19,000)	456,000	(500,000)	-51.3%	(19,000)	-4.0%
#18	Agriculture	Oper	6,242,820	5,662,109	(113,242)	5,548,867	5,723,024	(114,460)	5,608,564	(580,711)	-9.3%	(53,545)	-0.9%
#18	Agriculture	Total	7,217,820	6,137,109	(122,742)	6,014,367	6,198,024	(133,460)	6,064,564	(1,080,711)	-15.0%	(72,545)	-1.2%
#21	Fire Marshal	Oper	4,356,727	4,146,779	(82,935)	4,063,844	4,258,129	(85,162)	4,172,967	(209,948)	-4.8%	26,188	0.6%
#21	Fire Marshal	Total	4,356,727	4,146,779	(82,935)	4,063,844	4,258,129	(85,162)	4,172,967	(209,948)	-4.8%	26,188	0.6%
#23	Labor	Oper	690,814	636,886	(12,738)	624,148	634,675	(12,693)	621,982	(53,928)	-7.8%	(14,904)	-2.3%
#23	Labor	Total	690,814	636,886	(12,738)	624,148	634,675	(12,693)	621,982	(53,928)	-7.8%	(14,904)	-2.3%
#25	DHHS System	Aid	1,373,437,632	1,354,694,089	16,382,055	1,371,076,144	1,357,377,215	35,107,966	1,392,485,181	(18,743,543)	-1.4%	37,791,092	2.8%
#25	DHHS System *	Oper	236,540,656	235,300,405	(5,960,844)	229,339,561	239,657,753	(2,969,948)	236,687,805	(1,240,251)	-0.5%	1,387,400	0.6%
#25	DHHS System	Total	1,609,978,288	1,589,994,494	10,421,211	1,600,415,705	1,597,034,968	32,138,018	1,629,172,986	(19,983,794)	-1.2%	39,178,492	2.5%
#28	Veterans Affairs *	Oper	27,028,073	25,489,927	(124,913)	25,365,014	26,014,913	(113,384)	25,901,529	(1,538,146)	-5.7%	411,602	1.6%
#28	Veterans Affairs	Total	27,028,073	25,489,927	(124,913)	25,365,014	26,014,913	(113,384)	25,901,529	(1,538,146)	-5.7%	411,602	1.6%
#29	Natural Resources	Aid	5,458,361	5,021,692	(100,434)	4,921,258	5,021,692	(200,868)	4,820,824	(436,669)	-8.0%	(200,868)	-4.0%
#29	Natural Resources	Oper	11,286,789	10,275,032	(205,501)	10,069,531	10,377,285	(207,545)	10,169,740	(1,011,757)	-9.0%	(105,292)	-1.0%
#29	Natural Resources	Total	16,745,150	15,296,724	(305,935)	14,990,789	15,398,977	(408,413)	14,990,564	(1,448,426)	-8.6%	(306,160)	-2.0%
#31	Military Dept	Aid	858,775	608,775	(12,176)	596,599	608,775	(24,351)	584,424	(250,000)	-29.1%	(24,351)	-4.0%
#31	Military Dept	Oper	4,485,933	4,356,082	(87,122)	4,268,960	4,379,936	(87,598)	4,292,338	(129,851)	-2.9%	(63,744)	-1.5%
#31	Military Dept	Total	5,344,708	4,964,857	(99,298)	4,865,559	4,988,711	(111,949)	4,876,762	(379,851)	-7.1%	(88,095)	-1.8%
#32	Ed Lands & Funds	Oper	335,359	380,603	0	380,603	345,999	0	345,999	45,244	13.5%	(34,604)	-9.1%
#32	Ed Lands & Funds	Total	335,359	380,603	0	380,603	345,999	0	345,999	45,244	13.5%	(34,604)	-9.1%
#33	Game & Parks	Aid	42,011	42,011	0	42,011	42,011	0	42,011	0	0.0%	0	0.0%
#33	Game & Parks	Oper	12,031,872	11,548,608	(230,972)	11,317,636	11,643,352	(232,865)	11,410,487	(483,264)	-4.0%	(138,121)	-1.2%
#33	Game & Parks	Total	12,073,883	11,590,619	(230,972)	11,359,647	11,685,363	(232,865)	11,452,498	(483,264)	-4.0%	(138,121)	-1.2%
#34	Library Commission	Aid	1,295,085	1,295,085	(25,902)	1,269,183	1,295,085	(51,803)	1,243,282	0	0.0%	(51,803)	-4.0%
#34	Library Commission	Oper	2,790,888	2,563,369	(51,267)	2,512,102	2,619,011	(52,380)	2,566,631	(227,519)	-8.2%	3,262	0.1%
#34	Library Commission	Total	4,085,973	3,858,454	(77,169)	3,781,285	3,914,096	(104,183)	3,809,913	(227,519)	-5.6%	(48,541)	-1.3%
#35	Liquor Control	Oper	1,298,648	1,285,304	(25,706)	1,259,598	1,299,895	(25,998)	1,273,897	(13,344)	-1.0%	(11,407)	-0.9%
#35	Liquor Control	Total	1,298,648	1,285,304	(25,706)	1,259,598	1,299,895	(25,998)	1,273,897	(13,344)	-1.0%	(11,407)	-0.9%
#46	Correctional Services	Aid	3,500,000	3,500,000	0	3,500,000	3,500,000	0	3,500,000	0	0.0%	0	0.0%
#46	Correctional Services	Oper	204,158,501	207,907,950	0	207,907,950	212,422,262	(502,022)	211,920,240	3,749,449	1.8%	4,012,290	1.9%
#46	Correctional Services	Total	207,658,501	211,407,950	0	211,407,950	215,922,262	(502,022)	215,420,240	3,749,449	1.8%	4,012,290	1.9%

			FY2016-17	FY2017-18			FY2018-19			Change over Prior Year (excludes deficits)			
				Per 2017 Session	2018 Deficits	Revised Per 2018 Session	Per 2017 Session	2018 Changes	Revised Per 2018 Session	FY18		FY19	
										\$ Change	% Change	\$ Change	% Change
#47	NETC	Oper	10,329,068	10,095,589	(201,912)	9,893,677	10,170,817	(203,416)	9,967,401	(233,479)	-2.3%	(128,188)	-1.3%
#47	NETC	Total	10,329,068	10,095,589	(201,912)	9,893,677	10,170,817	(203,416)	9,967,401	(233,479)	-2.3%	(128,188)	-1.3%
#48	Coordinating Comm	Aid	7,853,156	7,853,156	(157,063)	7,696,093	7,853,156	(314,126)	7,539,030	0	0.0%	(314,126)	-4.0%
#48	Coordinating Comm	Oper	1,403,607	1,282,591	(7,287)	1,275,304	1,304,051	(23,781)	1,280,270	(121,016)	-8.6%	(2,321)	-0.2%
#48	Coordinating Comm	Total	9,256,763	9,135,747	(164,350)	8,971,397	9,157,207	(337,907)	8,819,300	(121,016)	-1.3%	(316,447)	-3.5%
#50	State Colleges	Oper	52,404,248	52,142,227	(1,042,845)	51,099,382	52,142,227	(521,423)	51,620,804	(262,021)	-0.5%	(521,423)	-1.0%
#50	State Colleges	Total	52,404,248	52,142,227	(1,042,845)	51,099,382	52,142,227	(521,423)	51,620,804	(262,021)	-0.5%	(521,423)	-1.0%
#51	University of Nebraska	Oper	583,068,732	570,601,388	(11,412,028)	559,189,360	580,551,388	(5,805,514)	574,745,874	(12,467,344)	-2.1%	4,144,486	0.7%
#51	University of Nebraska	Total	583,068,732	570,601,388	(11,412,028)	559,189,360	580,551,388	(5,805,514)	574,745,874	(12,467,344)	-2.1%	4,144,486	0.7%
#54	Historical Society	Oper	4,652,409	4,413,966	10,925	4,424,891	4,400,113	(88,002)	4,312,111	(238,443)	-5.1%	(101,855)	-2.3%
#54	Historical Society	Total	4,652,409	4,413,966	10,925	4,424,891	4,400,113	(88,002)	4,312,111	(238,443)	-5.1%	(101,855)	-2.3%
#64	State Patrol	Oper	60,113,441	61,047,081	(1,220,942)	59,826,139	61,540,095	(1,230,801)	60,309,294	933,640	1.6%	(737,787)	-1.2%
#64	State Patrol	Total	60,113,441	61,047,081	(1,220,942)	59,826,139	61,540,095	(1,230,801)	60,309,294	933,640	1.6%	(737,787)	-1.2%
#65	Admin Services (DAS)	Oper	8,880,092	8,634,083	(158,656)	8,475,427	8,704,715	(152,808)	8,551,907	(246,009)	-2.8%	(82,176)	-1.0%
#65	Admin Services (DAS)	Total	8,880,092	8,634,083	(158,656)	8,475,427	8,704,715	(152,808)	8,551,907	(246,009)	-2.8%	(82,176)	-1.0%
#67	Equal Opportunity	Oper	1,262,802	1,271,927	(25,439)	1,246,488	1,286,078	(25,721)	1,260,357	9,125	0.7%	(11,570)	-0.9%
#67	Equal Opportunity	Total	1,262,802	1,271,927	(25,439)	1,246,488	1,286,078	(25,721)	1,260,357	9,125	0.7%	(11,570)	-0.9%
#68	Latino American Comm.	Oper	207,834	207,673	0	207,673	211,023	0	211,023	(161)	-0.1%	3,350	1.6%
#68	Latino American Comm.	Total	207,834	207,673	0	207,673	211,023	0	211,023	(161)	-0.1%	3,350	1.6%
#69	Arts Council	Aid	943,069	943,069	(18,861)	924,208	943,069	(37,723)	905,346	0	0.0%	(37,723)	-4.0%
#69	Arts Council	Oper	618,415	595,401	(11,908)	583,493	590,041	(11,801)	578,240	(23,014)	-3.7%	(17,161)	-2.9%
#69	Arts Council	Total	1,561,484	1,538,470	(30,769)	1,507,701	1,533,110	(49,524)	1,483,586	(23,014)	-1.5%	(54,884)	-3.6%
#70	Foster Care Review	Oper	1,865,446	2,061,909	(41,238)	2,020,671	2,085,530	(3,600)	2,081,930	196,463	10.5%	20,021	1.0%
#70	Foster Care Review	Total	1,865,446	2,061,909	(41,238)	2,020,671	2,085,530	(3,600)	2,081,930	196,463	10.5%	20,021	1.0%
#71	State Energy Office	Oper	218,472	0	0	0	0	0	0	(218,472)	-100.0%	0	na
#71	State Energy Office	Total	218,472	0	0	0	0	0	0	(218,472)	-100.0%	0	na
#72	Economic Develop	Aid	7,360,000	6,821,200	(125,424)	6,695,776	6,821,200	(330,848)	6,490,352	(538,800)	-7.3%	(330,848)	-4.9%
#72	Economic Develop	Oper	5,351,328	4,893,419	(97,869)	4,795,550	4,949,395	(98,987)	4,850,408	(457,909)	-8.6%	(43,011)	-0.9%
#72	Economic Develop	Total	12,711,328	11,714,619	(223,293)	11,491,326	11,770,595	(429,835)	11,340,760	(996,709)	-7.8%	(373,859)	-3.2%
#76	Indian Affairs Comm	Oper	245,701	225,825	0	225,825	230,128	0	230,128	(19,876)	-8.1%	4,303	1.9%
#76	Indian Affairs Comm	Total	245,701	225,825	0	225,825	230,128	0	230,128	(19,876)	-8.1%	4,303	1.9%

			FY2016-17	FY2017-18			FY2018-19			Change over Prior Year (excludes deficits)				
				Without deficits	Per 2017 Session	2018 Deficits	Revised Per 2018 Session	Per 2017 Session	2018 Changes	Revised Per 2018 Session	FY18		FY19	
											\$ Change	% Change	\$ Change	% Change
#77	Industrial Relations	Oper	325,660	323,974	(6,480)	317,494	327,466	(6,549)	320,917	(1,686)	-0.5%	(3,057)	-0.9%	
#77	Industrial Relations	Total	325,660	323,974	(6,480)	317,494	327,466	(6,549)	320,917	(1,686)	-0.5%	(3,057)	-0.9%	
#78	Crime Commission	Aid	7,823,828	7,823,828	(156,476)	7,667,352	7,823,828	(312,952)	7,510,876	0	0.0%	(312,952)	-4.0%	
#78	Crime Commission	Oper	4,857,995	4,646,440	(51,523)	4,594,917	4,675,150	(53,718)	4,621,432	(211,555)	-4.4%	(25,008)	-0.5%	
#78	Crime Commission	Total	12,681,823	12,470,268	(207,999)	12,262,269	12,498,978	(366,670)	12,132,308	(211,555)	-1.7%	(337,960)	-2.7%	
#81	Blind/& Visually Impaired	Aid	176,890	216,890	0	216,890	216,890	0	216,890	40,000	22.6%	0	0.0%	
#81	Blind & Visually Impaired	Oper	971,637	989,650	0	989,650	1,000,058	0	1,000,058	18,013	1.9%	10,408	1.1%	
#81	Blind & Visually Impaired	Total	1,148,527	1,206,540	0	1,206,540	1,216,948	0	1,216,948	58,013	5.1%	10,408	0.9%	
#82	Deaf & Hard of Hearing	Oper	1,016,914	993,187	0	993,187	1,003,151	0	1,003,151	(23,727)	-2.3%	9,964	1.0%	
#82	Deaf & Hard of Hearing	Total	1,016,914	993,187	0	993,187	1,003,151	0	1,003,151	(23,727)	-2.3%	9,964	1.0%	
#83	Community Colleges	Aid	100,828,308	100,324,166	(2,006,483)	98,317,683	99,329,166	(753,292)	98,575,874	(504,142)	-0.5%	(1,748,292)	-1.7%	
#83	Community Colleges	Total	100,828,308	100,324,166	(2,006,483)	98,317,683	99,329,166	(753,292)	98,575,874	(504,142)	-0.5%	(1,748,292)	-1.7%	
#84	Environmental Quality	Aid	2,141,196	316,200	(316,200)	0	316,200	(316,200)	0	(1,824,996)	-85.2%	(316,200)	-100%	
#84	Environmental Quality	Oper	3,922,413	3,678,502	(73,570)	3,604,932	3,726,752	(74,535)	3,652,217	(243,911)	-6.2%	(26,285)	-0.7%	
#84	Environmental Quality	Total	6,063,609	3,994,702	(389,770)	3,604,932	4,042,952	(390,735)	3,652,217	(2,068,907)	-34.1%	(342,485)	-8.6%	
#85	Retirement Board	Oper	47,303,239	48,588,600	0	48,588,600	52,179,000	519,171	52,698,171	1,285,361	2.7%	4,109,571	8.5%	
#85	Retirement Board	Total	47,303,239	48,588,600	0	48,588,600	52,179,000	519,171	52,698,171	1,285,361	2.7%	4,109,571	8.5%	
#87	Account/Disclosure	Oper	498,468	479,160	(9,583)	469,577	486,044	(9,721)	476,323	(19,308)	-3.9%	(2,837)	-0.6%	
#87	Account/Disclosure	Total	498,468	479,160	(9,583)	469,577	486,044	(9,721)	476,323	(19,308)	-3.9%	(2,837)	-0.6%	
#91	Tourism Commission	Aid	250,000	0	0	0	0	0	0	(250,000)	-100.0%	0	na	
#91	Tourism Commission	Oper	0	0	0	0	0	0	0	0	na	0	na	
#91	Tourism Commission	Total	250,000	0	0	0	0	0	0	(250,000)	-100.0%	0	na	
#93	Tax Equal/Review Comm	Oper	837,359	860,905	(17,218)	843,687	873,110	(17,462)	855,648	23,546	2.8%	(5,257)	-0.6%	
#93	Tax Equal/Review Comm	Total	837,359	860,905	(17,218)	843,687	873,110	(17,462)	855,648	23,546	2.8%	(5,257)	-0.6%	
	Construction	Total	22,239,000	21,739,000	0	21,739,000	21,739,000	0	21,739,000	(500,000)	-2.2%	0	0.0%	
OPERATIONS			1,580,659,703	1,570,199,266	(26,378,561)	1,543,820,705	1,601,110,898	(17,319,255)	1,583,791,643	(10,460,437)	-0.7%	13,592,377	0.9%	
STATE AID			2,808,792,134	2,806,074,350	18,463,904	2,824,538,254	2,840,565,879	10,519,873	2,851,085,752	(2,717,784)	-0.1%	45,011,402	1.6%	
CONSTRUCTION			22,239,000	21,739,000	0	21,739,000	21,739,000	0	21,739,000	(500,000)	-2.2%	0	0.0%	
TOTAL GENERAL FUNDS			4,411,690,837	4,398,012,616	(7,914,657)	4,390,097,959	4,463,415,777	(7,120,564)	4,456,295,213	(13,678,221)	-0.3%	58,282,597	1.3%	

Appendix C

General Fund Appropriations by State Aid Program

		FY2016-17 w/o Deficits	FY2017-18			FY2018-19			Change over Prior Year (exclude deficits)			
			Per 2017 Session	2018 Deficits	Revised 2018 Session	Per 2017 Session	2018 Change	Revised 2018 Session	FY18 \$ Change	FY18 % Chng	FY19 \$ Change	FY19 % Chng
Courts	Court Appointed Special Advocate	300,000	300,000	0	300,000	300,000	0	300,000	300,000	0.0%	0	0.0%
Education	TEEOSA State Aid to Education	952,153,581	970,011,577	3,654,857	973,666,434	996,731,953	(22,223,978)	974,507,975	947,787,599	1.9%	4,496,398	0.5%
Education	Special Education	222,063,117	224,283,748	0	224,283,748	226,526,585	0	226,526,585	224,283,748	1.0%	2,242,837	1.0%
Education	Aid to ESU's	14,051,761	13,630,208	(272,604)	13,357,604	13,630,208	(545,208)	13,085,000	13,085,000	-3.0%	(545,208)	-4.0%
Education	High ability learner programs	2,342,962	2,342,962	0	2,342,962	2,342,962	(140,578)	2,202,384	2,202,384	0.0%	(140,578)	-6.0%
Education	Early Childhood grant program	3,770,164	3,619,357	(72,387)	3,546,970	3,619,357	(144,774)	3,474,583	3,474,583	-4.0%	(144,774)	-4.0%
Education	Early Childhood Endowment	5,000,000	5,000,000	(100,000)	4,900,000	5,000,000	(200,000)	4,800,000	4,800,000	0.0%	(200,000)	-4.0%
Education	Nurturing Healthy Behaviors	400,000	400,000	(8,000)	392,000	400,000	(16,000)	384,000	384,000	0.0%	(16,000)	-4.0%
Education	School Lunch	392,032	392,032	(7,841)	384,191	392,032	(15,681)	376,351	376,351	0.0%	(15,681)	-4.0%
Education	Textbook loan program	465,500	465,500	(9,310)	456,190	465,500	(18,620)	446,880	446,880	0.0%	(18,620)	-4.0%
Education	School Breakfast reimbursement	561,042	561,042	50,126	611,168	561,042	56,856	617,898	617,898	0.0%	56,856	10.1%
Education	Adult Education	214,664	214,664	(4,293)	210,371	214,664	(8,587)	206,077	206,077	0.0%	(8,587)	-4.0%
Education	Learning Communities Aid	500,000	500,000	0	500,000	500,000	(30,000)	470,000	470,000	0.0%	(30,000)	-6.0%
Education	Summer Food Service grants	130,000	90,000	(1,800)	88,200	90,000	(3,600)	86,400	86,400	-30.8%	(3,600)	-4.0%
Education	High School Equivalency Assistance	750,000	750,000	(15,000)	735,000	750,000	(30,000)	720,000	720,000	0.0%	(30,000)	-4.0%
Education	StepUp Quality Child Care-Scholarship	100,000	100,000	(2,000)	98,000	100,000	(4,000)	96,000	96,000	0.0%	(4,000)	-4.0%
Education	StepUp Quality Child Care-Bonuses	69,000	69,000	(1,380)	67,620	69,000	(2,760)	66,240	66,240	0.0%	(2,760)	-4.0%
Education	Master Teacher Program	470,000	0	0	0	0	0	0	0	-100.0%	0	na
Education	Vocational Rehabilitation	0	9,099	0	9,099	49,289	0	49,289	9,099	na	40,190	441.7%
Revenue	Homestead Exemption	72,515,000	78,200,000	3,100,000	81,300,000	81,000,000	3,100,000	84,100,000	81,300,000	7.8%	5,900,000	7.5%
Revenue	Personal Property Tax Relief Act	19,600,000	15,200,000	(1,300,000)	13,900,000	16,200,000	(2,000,000)	14,200,000	13,200,000	-22.4%	(1,000,000)	-6.6%
Agriculture	Riparian Vegetation grants	975,000	475,000	(9,500)	465,500	475,000	(19,000)	456,000	456,000	-51.3%	(19,000)	-4.0%
DHHS	Behavioral Health Aid	73,844,769	72,243,240	(144,149)	72,099,091	72,243,240	(370,669)	71,872,571	71,872,571	-2.2%	(370,669)	-0.5%
DHHS	Medical student assistance/RHOP	787,086	709,086	(14,182)	694,904	709,086	(28,363)	680,723	680,723	-9.9%	(28,363)	-4.0%
DHHS	Children's Health Insurance (SCHIP)	6,440,394	6,163,940	(2,500,000)	3,663,940	6,208,871	(30,798)	6,178,073	6,133,142	-4.3%	14,133	0.2%
DHHS	Public Assistance	108,094,067	104,794,067	(10,806,040)	93,988,027	104,794,067	(9,800,024)	94,994,043	94,994,043	-3.1%	(9,800,024)	-9.4%
DHHS	Medicaid	850,259,344	833,065,260	2,500,000	835,565,260	836,840,033	12,788,151	849,628,184	845,853,411	-2.0%	16,562,924	2.0%
DHHS	Child Welfare aid	160,193,618	166,067,300	24,681,826	190,749,126	166,067,300	31,004,088	197,071,388	197,071,388	3.7%	31,004,088	18.7%
DHHS	Developmental disabilities aid	150,667,981	149,225,944	2,700,000	151,225,944	148,089,366	2,190,077	150,279,443	151,416,021	-1.0%	1,053,499	0.7%
DHHS	Community health centers	5,783,060	5,783,060	0	5,783,060	5,783,060	0	5,783,060	5,783,060	0.0%	0	0.0%
DHHS	Health Aid	6,917,612	6,192,491	(35,400)	6,157,091	6,192,491	(40,584)	6,151,907	6,151,907	-10.5%	(40,584)	-0.7%
DHHS	Care Management	2,315,560	2,315,560	0	2,315,560	2,315,560	0	2,315,560	2,315,560	0.0%	0	0.0%

		FY2016-17 w/o Deficits	FY2017-18			FY2018-19			Change over Prior Year (exclude deficits)			
			Per 2017 Session	2018 Deficits	Revised 2018 Session	Per 2017 Session	2018 Change	Revised 2018 Session	FY18 \$ Change	FY18 % Chng	FY19 \$ Change	FY19 % Chng
DHHS	Area agencies on aging	8,134,141	8,134,141	0	8,134,141	8,134,141	(603,912)	7,530,229	8,134,141	0.0%	(603,912)	-7.4%
Nat Rsrcs	Nebr Water Conservation Fund	2,318,036	1,881,367	(37,627)	1,843,740	1,881,367	(75,255)	1,806,112	1,806,112	-18.8%	(75,255)	-4.0%
Nat Rsrcs	Resources Development Fund	3,140,325	3,140,325	(62,807)	3,077,518	3,140,325	(125,613)	3,014,712	3,014,712	0.0%	(125,613)	-4.0%
Military Dept	Governors Emergency Program	250,000	0	0	0	0	0	0	0	-100.0%	0	na
Military Dept	Guard tuition assistance	608,775	608,775	(12,176)	596,599	608,775	(24,351)	584,424	584,424	0.0%	(24,351)	-4.0%
Game & Parks	Niobrara Council	42,011	42,011	0	42,011	42,011	0	42,011	42,011	0.0%	0	0.0%
Library Comm	Local libraries	1,295,085	1,295,085	(25,902)	1,269,183	1,295,085	(51,803)	1,243,282	1,243,282	0.0%	(51,803)	-4.0%
Corrections	Vocational and Life Skills Program	3,500,000	3,500,000	0	3,500,000	3,500,000	0	3,500,000	3,500,000	0.0%	0	0.0%
Coord. Comm	Nebr Opportunity Grant Program	6,868,156	6,868,156	(137,363)	6,730,793	6,868,156	(274,726)	6,593,430	6,593,430	0.0%	(274,726)	-4.0%
Coord. Comm	Access College Early Scholarship	985,000	985,000	(19,700)	965,300	985,000	(39,400)	945,600	945,600	0.0%	(39,400)	-4.0%
Arts Council	Aid to arts programs	943,069	943,069	(18,861)	924,208	943,069	(37,723)	905,346	905,346	0.0%	(37,723)	-4.0%
Econ Develop	State aid to development districts	500,000	500,000	0	500,000	500,000	(30,000)	470,000	470,000	0.0%	(30,000)	-6.0%
Econ Develop	Business Innovation Act	6,760,000	6,271,200	(125,424)	6,145,776	6,271,200	(250,848)	6,020,352	6,020,352	-7.2%	(250,848)	-4.0%
Econ Develop	Grow Nebraska	100,000	50,000	0	50,000	50,000	(50,000)	0	0	-50.0%	(50,000)	-100.0%
Crime Comm	Juvenile services grants	587,812	587,812	(11,756)	576,056	587,812	(23,512)	564,300	564,300	0.0%	(23,512)	-4.0%
Crime Comm	Community Based Juvenile Services	6,300,000	6,300,000	(126,000)	6,174,000	6,300,000	(252,000)	6,048,000	6,048,000	0.0%	(252,000)	-4.0%
Crime Comm	Crimestoppers program	13,457	13,457	(269)	13,188	13,457	(538)	12,919	12,919	0.0%	(538)	-4.0%
Crime Comm	County Justice Reinvestment Grants	500,000	500,000	(10,000)	490,000	500,000	(20,000)	480,000	480,000	0.0%	(20,000)	-4.0%
Crime Comm	Victim Witness assistance	52,559	52,559	(1,051)	51,508	52,559	(2,102)	50,457	50,457	0.0%	(2,102)	-4.0%
Crime Comm	Crime Victims reparations	20,000	20,000	(400)	19,600	20,000	(800)	19,200	19,200	0.0%	(800)	-4.0%
Crime Comm	Violence Prevention Grants	350,000	350,000	(7,000)	343,000	350,000	(14,000)	336,000	0	0.0%	(14,000)	-4.0%
Blind & Vis Imp	Blind rehabilitation	176,890	216,890	0	216,890	216,890	0	216,890	40,000	22.6%	0	0.0%
Comm Colleges	Aid to Community Colleges	100,828,308	100,324,166	(2,006,483)	98,317,683	99,329,166	(753,292)	98,575,874	(504,142)	-0.5%	(1,748,292)	-1.7%
Environ Qlty	Superfund cleanup	316,200	316,200	(316,200)	0	316,200	(316,200)	0	0	0.0%	(316,200)	-100.0%
Environ Qlty	Storm Water Management grants	1,824,996	0	0	0	0	0	0	(1,824,996)	-100.0%	0	na
Tourism Comm	Tourism grant program	250,000	0	0	0	0	0	0	(250,000)	-100.0%	0	na
Individuals/Other Local Government		1,398,520,670 1,410,271,464	1,378,600,757 1,427,473,593	15,996,282 2,467,622	1,394,597,039 1,429,941,215	1,381,324,073 1,459,241,806	34,256,420 (23,736,547)	1,415,580,493 1,435,505,259	(19,919,913) 17,202,129	-1.4% 1.2%	36,979,736 8,031,666	2.7% 0.6%
Total General Fund State Aid		2,808,792,134	2,806,074,350	18,463,904	2,824,538,254	2,840,565,879	10,519,873	2,851,085,752	(2,717,784)	-0.1%	45,011,402	1.6%

Appendix D

General Fund Across the Board Reductions-Committee

Ag #	Ag Name	Prog	Prog Name	New Approp FY2017-18	New Approp FY2018-19	ATB Cut FY2017-18	ATB Cut FY2018-19
Agency Operations							
3	Legislative Council	1	Salaries-State Senators	632,982	632,982	0	0
3	Legislative Council	122	Legislative Services	9,704,478	9,842,839	(194,090)	(196,857)
3	Legislative Council	123	Clerk of the Legislature	3,994,016	4,041,041	(79,880)	(80,821)
3	Legislative Council	126	Legislative Research Services	694,143	704,179	(13,883)	(14,083)
3	Legislative Council	127	Revisor of Statutes	1,426,047	1,443,179	(28,521)	(28,863)
3	Legislative Council	129	Legislative Audit	688,666	698,095	(13,773)	(13,962)
3	Legislative Council	501	Intergovernmental Cooperation	460,463	392,841	(9,209)	(7,857)
3	Legislative Council	504	Office of Public Counsel	1,553,847	1,577,140	(31,077)	(31,543)
3	Legislative Council	638	Fiscal and Program analysis	1,676,509	1,694,452	(33,530)	(33,889)
5	Supreme Court	3	Salaries-Supreme Court judges	1,439,676	1,459,824	0	0
5	Supreme Court	4	Salaries-Appeals Court judges	1,187,031	1,204,243	0	0
5	Supreme Court	5	Salaries-Retired judges	72,436	72,436	0	0
5	Supreme Court	6	Salaries-District Court judges	12,834,677	13,037,078	0	0
5	Supreme Court	7	Salaries-County Court judges	10,729,110	10,878,192	0	0
5	Supreme Court	52	Court operations	34,399,456	35,810,942	(687,989)	(716,219)
5	Supreme Court	67	Probation	29,499,340	30,294,363	(589,987)	(605,887)
5	Supreme Court	420	Specialized Court Operations	2,655,979	2,682,770	(53,120)	(53,655)
5	Supreme Court	435	Community Corrections	21,067,670	23,706,688	(421,353)	(474,134)
5	Supreme Court	437	Juvenile Justice	71,180,245	71,439,468	(1,423,605)	(1,428,789)
7	Governor	2	Salary-Governor	146,974	148,555	0	0
7	Governor	18	Policy Research Office	674,753	682,517	0	0
7	Governor	21	Office of the governor	1,347,511	1,363,797	(40,445)	(40,926)
8	Lt. Governor	8	Salary-Lieutenant Governor	112,462	114,073	0	0
8	Lt. Governor	124	Office of the Lieutenant Gover	36,710	37,124	(734)	(742)
9	Sec of State	9	Salary-Secretary of State	117,920	119,069	0	0
9	Sec of State	22	Departmental administration	272,933	270,199	(5,459)	(5,404)
9	Sec of State	45	Election Administration	1,928,397	1,760,450	(38,568)	(35,209)
9	Sec of State	86	Records management	156,829	158,743	(3,137)	(3,175)
10	Auditor	10	Salary-State Auditor	122,406	123,749	0	0
10	Auditor	506	State audits	2,433,680	2,461,020	0	0
11	Attorney General	11	Salary-Attorney General	135,082	136,560	0	0
11	Attorney General	496	Water Litigation	0	0	0	0
11	Attorney General	507	Interpret & application of law	6,349,912	6,415,967	0	0
12	Treasurer	12	Salary-State Treasurer	125,591	127,183	0	0
12	Treasurer	24	State Disbursement Unit	1,126,230	1,133,456	(22,525)	(22,669)
12	Treasurer	659	Long Term Care Savings Plan	33,275	0	0	0
13	Education	25	Departmental administration	15,843,982	15,964,868	(316,880)	(319,297)
13	Education	351	Vocational rehabilitation	5,057,824	5,252,202	0	0
13	Education	401	Services for Deaf & Hard of Hearing	2,043,402	2,043,602	(40,868)	(40,872)
13	Education	402	School for the Visually Impaired	2,018,631	2,018,824	(40,373)	(40,376)

Ag #	Ag Name	Prog	Prog Name	New Approp FY2017-18	New Approp FY2018-19	ATB Cut FY2017-18	ATB Cut FY2018-19
14	Public Service Com.	14	Salaries-PSC commissioners	490,438	493,800	0	0
14	Public Service Com.	16	Expenses-PSC commissioners	83,884	78,884	(1,678)	(1,577)
14	Public Service Com.	54	Enf of stds-common carriers	1,765,840	1,791,988	(35,317)	(35,840)
15	Parole Board	320	Parole Board salaries	570,787	577,500	0	0
15	Parole Board	358	Board of Parole	6,646,467	7,100,072	(132,929)	(142,001)
16	Revenue	13	Salary-Tax Commissioner	210,554	213,309	0	0
16	Revenue	102	Revenue administration	25,118,276	25,131,956	(502,366)	(502,639)
16	Revenue	112	Revenue Property Assessment Division	1,745,194	1,966,113	(34,904)	(39,322)
18	Agriculture	78	Dept of Agriculture	5,662,109	5,723,024	(113,242)	(114,460)
21	Fire Marshal	193	Protection of people and property	3,142,557	3,266,400	(62,851)	(65,328)
21	Fire Marshal	340	Training Division	867,553	878,531	(17,351)	(17,570)
21	Fire Marshal	845	Nebr Public Safety Communication System	136,669	113,198	(2,733)	(2,264)
23	Labor	194	Protection of people and prope	636,886	634,675	(12,738)	(12,693)
25	HHS System	32	Prescription Drug Cost Savings Act	0	0	0	0
25	HHS System	33	Administration	137,671,998	140,441,712	(2,255,374)	(2,307,033)
25	HHS System	178	Bureau of Examining Boards	104,912	104,912	0	0
25	HHS System	179	Public Health Administration	0	0	0	0
25	HHS System	250	Juvenile Services	22,349,549	22,652,972	0	0
25	HHS System	353	Childrens Commission	to #70	to #70	0	0
25	HHS System	359	Young adult voluntary services	1,784,760	1,787,085	0	0
25	HHS System	365	Mental Health/Regional Centers	56,904,953	57,996,887	0	0
25	HHS System	421	Developmental Disability/BSDC	16,484,233	16,674,185	0	0
28	Veterans Affairs	36	Departmental administration	2,256,530	2,313,933	(37,657)	(38,756)
28	Veterans Affairs	37	Veterans Cemetary	12,783	187,472	(256)	(3,749)
28	Veterans Affairs	519	Nebraska Veterans Homes	23,220,614	23,513,508	0	0
29	Natural Resources	334	Soil & water conservation	10,275,032	10,377,285	(205,501)	(207,545)
31	Military Dept	544	Natl & state guard	2,973,885	2,995,363	(59,478)	(59,907)
31	Military Dept	545	Civil defense & emerg planning	1,382,197	1,384,573	(27,644)	(27,691)
32	Ed Lands & Funds	529	Land surveyors	380,603	345,999	0	0
33	Game and Parks	336	Wildlife conservation	1,356,375	1,372,680	0	0
33	Game and Parks	337	Administration	824,023	832,684	0	0
33	Game and Parks	549	Parks--admin & operations	6,790,396	6,851,295	0	0
33	Game and Parks	550	Planning and federal aid	455,817	460,713	0	0
33	Game and Parks	617	Engineering & area maintenance	2,084,613	2,109,951	(230,972)	(232,865)
33	Game and Parks	846	Nebr Public Safety Communication System	37,384	16,029	0	0
34	Library Commission	252	Library services	2,563,369	2,619,011	(51,267)	(52,380)
35	Liquor Commission	73	Enforcement and regulation	1,285,304	1,299,895	(25,706)	(25,998)
46	Correctional Services	200	Adult Services	206,213,457	210,708,920	0	0
46	Correctional Services	214	Vocational and Life Skills Program	1,622,578	1,641,427	0	0
46	Correctional Services	725	Depreciation surcharge	71,915	71,915	0	0
47	Educational Telecomm.	533	Educational television	9,648,679	9,721,267	(192,974)	(194,425)
47	Educational Telecomm.	566	Public radio	446,910	449,550	(8,938)	(8,991)
48	Postsecondary Coord.	640	Administration	1,282,591	1,304,051	(23,352)	(23,781)
50	State Colleges	48	Agency-wide	52,142,227	52,142,227	(1,042,845)	(521,423)
51	University of Nebr.	515	Agency-wide	570,601,388	580,551,388	(11,412,028)	(5,805,514)

Ag #	Ag Name	Prog	Prog Name	New Approp FY2017-18	New Approp FY2018-19	ATB Cut FY2017-18	ATB Cut FY2018-19
54	Historical Society	553	Nebraska Sesquicentennial Commission	58,427	0	(1,169)	0
54	Historical Society	648	Historical Society	4,355,539	4,400,113	(87,111)	(88,002)
64	State Patrol	100	Public protection	59,432,443	60,182,993	(1,188,649)	(1,203,660)
64	State Patrol	630	Capital Security	252,435	252,435	(5,049)	(5,048)
64	State Patrol	850	Nebr Public Safety Communication System	1,362,203	1,104,667	(27,244)	(22,093)
65	Admin Services	101	Chief Information Officer	346,006	349,497	(6,920)	(6,990)
65	Admin Services	169	Washington consultant	0	0	0	0
65	Admin Services	509	Budget administration	1,217,753	1,236,532	(24,355)	(24,730)
65	Admin Services	560	Building Division	222,702	223,337	(4,454)	(4,466)
65	Admin Services	591	Tort claims	210,000	210,000	0	0
65	Admin Services	592	Indemnification Claims	491,250	491,250	0	0
65	Admin Services	605	Personnel Division	1,463,613	1,481,407	(29,272)	(29,628)
65	Admin Services	608	Employee Relations Division	409,974	414,676	(8,199)	0
65	Admin Services	685	Capital Commission	4,272,785	4,298,016	(85,456)	(85,960)
67	Equal Opportunity Comm.	59	Enf stds-equal employment/housing	1,271,927	1,286,078	(25,439)	(25,721)
68	Latino-American Comm	537	Latino American Commission	207,673	211,023	0	0
69	Arts Council	326	Promotion/development	595,401	590,041	(11,908)	(11,801)
70	Foster Care Review	116	Foster care review	1,881,909	1,905,530	(37,638)	0
70	Foster Care Review	353	Childrens Commission	180,000	180,000	(3,600)	(3,600)
72	Economic Development	601	Community Affairs	261,434	264,686	(5,229)	(5,293)
72	Economic Development	603	Industry Recruitment	4,631,985	4,684,709	(92,640)	(93,694)
76	Indian Affairs	584	Commission on Indian Affairs	225,825	230,128	0	0
77	Industrial Relations	490	Commissioner Expenses	65,644	65,644	(1,313)	(1,313)
77	Industrial Relations	531	Commission of Industrial Relat	258,330	261,822	(5,167)	(5,236)
78	Crime Commission	150	Juvenile Services act	124,247	125,813	(2,485)	(2,516)
78	Crime Commission	155	Juvenile Services Planning/Aid	1,006,986	1,011,561	(20,140)	(20,231)
78	Crime Commission	198	State & local planning	484,482	491,103	(9,690)	(9,822)
78	Crime Commission	199	Law Enforcement Training Cente	2,070,288	2,077,851	0	0
78	Crime Commission	201	Victim Witness Assistance	112,671	112,671	(2,253)	(2,253)
78	Crime Commission	202	Crime victims reparations	7,837	7,837	(157)	(156)
78	Crime Commission	203	Jail standards	318,860	322,428	(6,377)	(6,448)
78	Crime Commission	204	Office of Violence Prevention	92,345	93,485	(1,847)	(1,869)
78	Crime Commission	215	Criminal Justice Info system (CJIS)	158,205	159,062	(3,164)	(3,181)
78	Crime Commission	220	Community Corrections Act	270,519	273,339	(5,410)	(5,467)
81	Blind & Visually Impaired	357	Blind/Visually Impaired	989,650	1,000,058	0	0
82	Hearing Impaired	578	Hearing impaired	993,187	1,003,151	0	0
84	Environmental Quality	513	Administration	3,678,502	3,726,752	(73,570)	(74,535)
85	Retirement Board	515	Public employees retirement	48,588,600	52,179,000	0	0
87	Account/Disclosure	94	Accountability & disclosure	479,160	486,044	(9,583)	(9,721)
93	Tax Equal/Review	115	Tax Equalization and Review	860,905	873,110	(17,218)	(17,462)

Ag #	Ag Name	Prog	Prog Name	New Approp FY2017-18	New Approp FY2018-19	ATB Cut FY2017-18	ATB Cut FY2018-19
State Aid Programs							
5	Courts	52	Court Appointed Special Advocate	300,000	300,000	0	0
13	Education	158	TEEOSA State Aid to Education	970,011,577	996,731,953	0	0
13	Education	158	Special Education	224,283,748	226,526,585	0	0
13	Education	158	Aid to ESU's	13,630,208	13,630,208	(272,604)	(545,208)
13	Education	158	High ability learner programs	2,342,962	2,342,962	0	(140,578)
13	Education	158	Early Childhood grant program	3,619,357	3,619,357	(72,387)	(144,774)
13	Education	158	Early Childhood Endowment	5,000,000	5,000,000	(100,000)	(200,000)
13	Education	158	Nurturing Healthy Behaviors	400,000	400,000	(8,000)	(16,000)
13	Education	158	School Lunch	392,032	392,032	(7,841)	(15,681)
13	Education	158	Textbook loan program	465,500	465,500	(9,310)	(18,620)
13	Education	158	School Breakfast reimbursement	561,042	561,042	0	0
13	Education	158	Adult Education	214,664	214,664	(4,293)	(8,587)
13	Education	158	Learning Communities Aid	500,000	500,000	0	(30,000)
13	Education	158	Summer Food Service grants	90,000	90,000	(1,800)	(3,600)
13	Education	158	High School Equivalency Assistance	750,000	750,000	(15,000)	(30,000)
13	Education	158	Step Up to Quality Child Care - Scholarships	100,000	100,000	(2,000)	(4,000)
13	Education	158	Step Up to Quality Child Care - Bonuses	69,000	69,000	(1,380)	(2,760)
13	Education	158	Master Teacher Program	0	0	0	0
13	Education	351	Vocational Rehabilitation	9,099	49,289	0	0
16	Revenue	108	Homestead Exemption	78,200,000	81,000,000	0	0
16	Revenue	109	Personal Property Tax Relief Act	15,200,000	16,200,000	0	0
18	Agriculture	333	Riparian Vegetation grants	475,000	475,000	(9,500)	(19,000)
25	HHS System	38	Behavioral Health Aid	72,243,240	72,243,240	0	0
25	HHS System	175	Medical student assistance/RHOP	709,086	709,086	(14,182)	(28,363)
25	HHS System	344	Children's Health Insurance (SCHIP)	6,163,940	6,208,871	0	0
25	HHS System	347	Public Assistance	104,794,067	104,794,067	0	0
25	HHS System	348	Medicaid	833,065,260	836,840,033	0	0
25	HHS System	354	Child Welfare aid	166,067,300	166,067,300	0	0
25	HHS System	424	Developmental disabilities aid	149,225,944	148,089,366	0	0
25	HHS System	502	Community health centers	5,783,060	5,783,060	0	0
25	HHS System	514	Health Aid	6,192,491	6,192,491	0	0
25	HHS System	559	Care Management	2,315,560	2,315,560	0	0
25	HHS System	571	Area agencies on aging	8,134,141	8,134,141	0	0
29	Nat Resources	304	Nebr Water Conservation Fund	1,881,367	1,881,367	(37,627)	(75,255)
29	Nat Resources	307	Resources Development Fund	3,140,325	3,140,325	(62,807)	(125,613)
31	Military Dept	192	Governors Emergency Program	0	0	0	0
31	Military Dept	548	Guard tuition assistance	608,775	608,775	(12,176)	(24,351)
33	Game & Parks	338	Niobrara Council	42,011	42,011	0	0
34	Library Comm	302	Local libraries	1,295,085	1,295,085	(25,902)	(51,803)
46	Corrections	200	Vocational and Life Skills Program	3,500,000	3,500,000	0	0
46	Corrections	750	County jail cost reimbursement	0	0	0	0
48	Coord. Comm	690	Nebr Opportunity Grant Program	6,868,156	6,868,156	(137,363)	(274,726)
48	Coord. Comm	691	Access College Early Scholarship	985,000	985,000	(19,700)	(39,400)
69	Arts Council	327	Aid to arts programs	943,069	943,069	(18,861)	(37,723)
72	Econ Develop	601	State aid to development districts	500,000	500,000	0	(30,000)
72	Econ Develop	603	Business Innovation Act	6,271,200	6,271,200	(125,424)	(250,848)
72	Econ Develop	603	Grow Nebraska	50,000	50,000	0	0

Ag #	Ag Name	Prog	Prog Name	New Approp FY2017-18	New Approp FY2018-19	ATB Cut FY2017-18	ATB Cut FY2018-19
78	Crime Comm	150	Juvenile services grants	587,812	587,812	(11,756)	(23,512)
78	Crime Comm	155	Community Based Juvenile Services aid	6,300,000	6,300,000	(126,000)	(252,000)
78	Crime Comm	198	Crimestoppers program	13,457	13,457	(269)	(538)
78	Crime Comm	198	County Justice Reinvestment Grants	500,000	500,000	(10,000)	(20,000)
78	Crime Comm	201	Victim Witness assistance	52,559	52,559	(1,051)	(2,102)
78	Crime Comm	202	Crime Victims reparations	20,000	20,000	(400)	(800)
78	Crime Comm	204	Violence Prevention Grants	350,000	350,000	(7,000)	(14,000)
81	Blind & Vis Imp	357	Blind rehabilitation	216,890	216,890	0	0
83	Comm Colleges	151	Aid to Community Colleges	100,324,166	99,329,166	(2,006,483)	(753,292)
84	Environ Cntrl	513	Superfund cleanup	316,200	316,200	0	0
84	Environ Cntrl	513	Storm Water Management grants	0	0	0	0
91	Tourism	618	Tourism grant program	0	0	0	0
Capital Construction		Total		21,739,000	21,739,000	0	0
General Fund Total		I		4,398,012,616	4,463,415,777	(25,502,929)	(19,593,011)
		Operations		1,570,199,266	1,601,110,898	(22,381,813)	(16,409,877)
		Aid to Individuals & Other		1,378,600,757	1,381,324,073	(399,955)	(829,909)
		Aid to Local Government		1,427,473,593	1,459,241,806	(2,721,161)	(2,353,225)
		Capital Construction		21,739,000	21,739,000	0	0
		State Total		4,398,012,616	4,463,415,777	(25,502,929)	(19,593,011)

Appendix E

General Fund Spending Assumptions - Following Biennium

For the “following biennium” (FY2019-20 and FY2020-21), the budget numbers reflect the annualized impact of the 2017 budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements that are normally not optional. It is an estimate based on “current law”, i.e. an estimate of future obligations with no change to the underlying law.

Amounts shown in this section do not reflect budget actions that might take place during the 2018 session including revised TEEOSA school aid estimates. The on-going impact of the 2018 items into FY20 and FY21 are shown with those individual items.

Table 14 Projected Budget Increases-Following Biennium
(includes on-going impact of 2017 budget actions, excludes impact of any potential 2018 changes)

<i>Dollar Changes from FY19 Base Year</i>	Annual % Change			Projected Increases	
	FY20	FY21	2 Yr Avg	FY2019-20	FY2020-21
FY2018-19 Base Appropriation				4,463,415,777	4,463,415,777
Aid to K-12 Schools (TEEOSA GF only)	9.4%	7.1%	8.2%	93,270,362	171,026,596
Special Education	2.5%	2.5%	2.5%	5,663,165	11,467,908
Community Colleges	3.5%	3.5%	3.5%	3,476,521	7,074,720
Homestead Exemption	3.0%	3.0%	3.0%	2,430,000	4,932,900
Personal Property Tax Relief Act	3.0%	3.0%	3.0%	486,000	986,580
Aid to ESU's	2.5%	2.5%	2.5%	340,755	690,029
Medicaid	4.5%	4.5%	4.5%	37,657,801	77,010,204
Public Assistance	3.5%	3.5%	3.5%	3,667,792	7,463,957
Child Welfare Aid	4.5%	4.5%	4.5%	7,473,029	15,282,343
Developmental Disability aid	5.4%	4.3%	4.9%	7,975,799	14,739,190
Behavioral Health aid	2.5%	2.5%	2.5%	1,806,081	3,657,314
Childrens Health Insurance (SCHIP)	344.7%	28.0%	186.4%	21,404,399	29,141,996
Employee Salaries - State Agencies	3.3%	2.5%	2.9%	15,363,479	27,565,628
Employee Health Insurance - State Agencies	6.0%	6.0%	6.0%	5,568,003	11,470,086
University/Colleges increased funding	3.8%	3.7%	3.8%	23,804,096	48,379,906
Operations increase - State Agencies	2.0%	2.0%	2.0%	2,970,803	6,001,022
Justice Reinvestment Act (LB605-2015)	--	--	specific	1,571,931	1,571,931
Juvenile Services - Courts	2.5%	2.5%	2.5%	1,350,000	2,733,750
DHHS Fund shifts, other increases	0.0%	0.0%	calculated	1,650,000	1,650,000
Inmate per diem costs (Corrections)	3.0%	3.0%	3.0%	1,384,455	2,810,443
Staffing / population costs / medical (Corrections)	--	--	specific	5,006,066	5,006,066
Retirement (defined benefit plans)	--	--	specific	932,000	2,596,000
Construction	--	--	reaffirm only	20,996,488	8,296,838
All Other	0.0%	0.0%	na	626,595	900,488
Total General Fund Increases (Biennial Basis)	6.0%	4.1%	5.1%	266,875,620	462,455,898
Projected Appropriation per Financial Status				4,730,291,397	4,925,871,675

Aid to Local Governments

State Aid to Schools (TEEOSA) The numbers shown here for FY20 and FY21 are Legislative Fiscal Office estimates used at Sine Die 2017 and are based on the same methodology utilized for the November 15 estimates required under current law for the proposed biennial budget but with Fiscal Office assumptions and should be considered Fiscal Office estimates. The estimates reflect a growth in overall school aid of 9.4% in

FY20 and 7.1% in FY21. About half of the large increase in both years is the result of expiration of temporary changes included in LB 409 and the TEEOSA formula returning to its original form.

Special Education: Increases for FY20 and FY21 reflect a 2.5% per year increase. Although statute allows for a growth up to 10% the 2.5% is equal to the basic allowable growth rate under the K-12 school spending limitation and TEEOSA calculations.

Aid to Community Colleges A 3.5% per year annual increase is included for the following biennium budget reflecting increased state aid to support operations budget increases. This increase amounts to about a \$3.5 million per year increase.

Homestead Exemption A 3% per year annual increase is included for the following biennium budget reflecting some level of inflationary increases.

Aid to ESU's The amount of aid to ESU's is based on funding of a certain level of core services and technology infrastructure. Growth in aid is set at the same rate as the basic allowable growth rate under the K-12 school spending limitation (2.5% per year).

Aid to Individuals

Medicaid For the following biennium, the average growth is 4.5% per year. This reflects projected growth of 2.0% per year for population client eligibility and utilization and 2.5% per year for provider rates. This estimate also assumes no change in the federal match rate.

Public Assistance A basic growth rate of 3.5% per year is utilized for the various Public Assistance programs for the following biennium. This reflects no growth for population client eligibility and utilization and 2.5% per year for provider rates and 5% for child care rates.

Child Welfare A basic growth rate of 4.5% per year is utilized for the various Child Welfare programs for the following biennium. This reflects a 2% per year growth for population client eligibility and utilization and 2.5% per year for provider rates.

Children's Health Insurance (CHIP) For the following biennium, a 4.5% per year increase is used which is the same as Medicaid. However, the large increase is attributed to the federal match rate. The Affordable Care Act (ACA) included a provision that increased the regular SCHIP match rate by 23 percentage points for FFY2015 to FFY2019. This provision expires during the following biennium requiring an increase of \$20 million in FY19-20 and an additional \$6 million (annualize at a full \$26 million level) in FY20-21.

Developmental Disability Aid A 4% per year increase is included. This provides the equivalent of 2.5% per year for rate equity similar to the employee salary assumption. Increases in the number of clients is from the fiscal note on LB333 which temporarily suspended the service entitlement for graduates in FY18 and FY19. In the LB333 fiscal note, DHHS indicated an estimated 224 individuals will be eligible for the entitlement in FY20. About 150 people will be new graduates turning age 21 in that fiscal year. DHHS recently had a legal interpretation that the state entitlement to services should also apply for high school graduates who move to Nebraska from other states. This has not been the case in the past. DHHS indicates there are 74 individuals who meet this criteria. Assuming 224 individuals are eligible for the entitlement for graduates in FY2019-20, the estimated general fund fiscal impact will be \$4,273,565.

Behavioral Health Aid. This area includes substance abuse and mental health aid. The increases in the following biennium reflect a 2.5% increase to reflect some annual increase in provider rates.

Agency Operations / Construction

Employee Salary Increases Although salary increases will be the result of bargaining, some level of increase is factored in more for illustration than planning purposes. A 2.5% per year increase is included which approximates inflation and the current biennium funding. Also in FY19-20 funds are included to annualize the January 1, 2019 1.5% salary increase. This equates to a .75% increase.

Employee Health Insurance For planning purposes, a 6% per year increase in health insurance is included for the following biennium, similar to the prior biennium.

Operations Inflation Included in the projected status is a general 2% increase in agency non-personnel operating costs. Although not provided as an across the board increase, this amount historically covers increases in utility costs at state and higher education facilities as well as food and other inflationary cost increases at 24/7 state facilities such as veterans homes, BSDC, etc...

Juvenile Justice services As part of the juvenile justice reform, funding for juvenile services was shifted from DHHS to the courts. Much of these funds are to purchase services from outside vendors. The projected budget includes a 2.5% for provider rate increases similar to DHHS providers.

Justice Reinvestment Act. The \$1,571,931 increase shown in FY19-20 fully funds the last year of the justice reinvestment act as laid out in the fiscal note for LB605-2015.

One time use of cash/federal funds – DHHS A select file amendment reduced General Fund appropriations by \$2.8 million in the DHHS administrative program. This consisted of \$1.1 million which was transferred to the Dept of Veterans Affairs related to the shift of the veterans' homes while the other \$1.65 million reduction shifted costs from General funds to cash and federal. This was considered a one-time shift so the \$1.65 million General Funds is restored starting in FY20.

Inmate Per Diem Costs While some costs at the Dept. of Correctional Services such as staffing are "fixed" within a range of inmate population, some costs change directly with each inmate. This includes items such as food, clothing, and medical care. A 3% per year increase is included to reflect both

DCS Protective Services Staffing In FY18 and FY19 the enacted funding was below the agency request and Governors recommendation. The budget as enacted phased-in the additional staff over three years recognizing the current issue of vacancies and high turnover and providing more time to address those issues in existing staffing levels prior to adding larger numbers of additional staff. This \$5,066,000 funds the additional 80 staff in FY2019-20.

Defined Benefit Retirement Plans The increase in funding for the defined benefit retirement plans for FY20 and FY21 are based on the Cavanaugh Macdonald actuary presentation to the Retirement Committee in November 2016. This includes a slight increase in additional state contribution amounts for the Judges and Patrol plans plus an increase in the 2% of pay contribution in the school plan.

Capital Construction General Fund dollars included for the following biennium for capital construction reflect reaffirmations only based on the FY18/FY19 biennial budget. The FY19-20 reaffirmation includes the \$11 million that the Governor had vetoed out of the FY18-19 appropriation for the State Capitol HVAC project. The veto related to cash flow of the project not the overall amount so this was added to the FY19-20 reaffirmation although technically the Governor could not increase the FY20 level the bill.